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## NEWS SUMMARY

### ...binet ...ts ...r Ireland

...nment is confident it ...ble to contain the ...the threatened strikes ...n Ireland on Monday ...ters of the Rev. Ian

...abinet discussed a ... Northern Ireland ... James Prior yester-

...500 power workers ...e voted to join the ...ion. This could leave ...orthern Ireland with-...icity.

...e UDR member John ... was shot dead in ... Co Tyrone, as police ...hat the Provisional ...intent on murdering ...tizens. Page 7

### ...king sought

... will seek formal ...nt of its nuclear dis-... initiative from its ... Nato allies today.

### ...ruling

...ords ruled that Bang-... immigrant Taffazul ...le homeless when his ...hildren joined him in ...s entitled to priority ... from Hillingdon ...rough.

### ...er doubt

...y abondon its plan to ... the Lavie fighter ...because of the high ...ge 4

### ...for killer

...th was jailed for life ...eeds jury found him ... 10-2 of murdering ...illiam Openshaw near

### ...esult delay

... biggest civil service ... postponing for two ... publication of elec-...lts for two senior ...ge 8

### ...y deliveries

... will be allowed to ...ristmas and New Year ...owing the 1981 Act ... the Post Office's

### ...losed

... airport was closed ...r after a tip-off that ... a bomb in the control ... device was found.

### ...ithdrawn

...adminton champion ...oitkowska withdrew ...t for political asylum, ... Justice Ministry said. ... alert to members,

### ...p victim 33

...owner kidnapped in ...ecame Italy's 33rd ...ctim this year. In ...lano, Cristina Peruzzi, ...ved after five weeks ...ransom.

### ...13

...New York sale of ...ary art established ... record prices. Sale-...e 6

... Lloyd, 34, was ...cook-housekeeper to ...e and Princess of

... Crosby bi-election ...P +7, Conservatives ...r 50-1.

...f cases in an Ankara ...tbreak rose to 320. ... open a visa office in ...g on Wednesday. ...hs in Sydney were ... with murdering the ...sul-general. ...ple were in hospital ...xplosion at a Banbury ...essing factory.

### BUSINESS

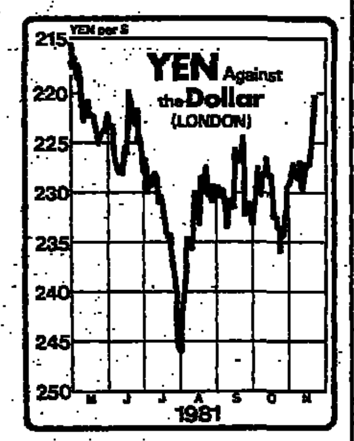
## Equities up 8.2; Yen at new high

● EQUITIES: the FT 30-share index rose 8.2 to close at 511.7. Page 34

● GILTS: the Government Securities Index rose 0.65 to 64.62. Page 34

● WALL STREET was 4.75 down at 839.33 near the close. Page 32

● DOLLAR rose to DM 2.245 (DM 2.235), FFr 5.655 (FFr 5.6325), and SwFr 1.795 (SwFr 1.7875), but fell to Y220.25 (Y222.25). Its trade-weighted index fell to 106.5 (106.9). Page 31




● YEN reached its highest point against the dollar since June on speculation that Japan may allow the yen to appreciate to counter criticism of the country's trade surplus. Pages 31 and 4

● STERLING lost 15 points on the day to close at $1.9115 in London, but gained on European currencies to DM 4.29 (DM 4.275), FFr 10.805 (FFr 10.77) and SwFr 3.4325 (SwFr 3.42). It fell to Y421 (Y425). Its trade-weighted index rose to 90.6 (90.3). Page 31

● GOLD fell $4 to $398.5 in London. In New York the Comex November close was $399.6. Page 31

● CONTINENTAL ILLINOIS, the U.S. bank, lowered its prime lending rate to 16 per cent from 16.5 per cent.

● ARBUTHNOT LATHAM, the small merchant bank, has been forced to resign from the Accepting Houses Committee after the bank's takeover by Dow Scandia Banking Corporation, a foreign-controlled bank. Back Page

● SOUTH AFRICA expects a growth rate of 2-3 per cent next year compared with 4.5-5 per cent for 1981.

● CHINA is to use a form of share issue to meet part of the cost of a 600MW power station.

● GENERAL MOTORS, the world's biggest car maker, plans to borrow up to $5.5bn on U.S. capital markets next year. Page 23

● BSC is likely to face fresh industrial trouble over refusal to fund a national pay deal next year and a plan to shed 19,000 more jobs by the end of March. Back Page

● ICL confirmed it will close one of its factories and wants to cut its UK staff of 18,000 by 1,500. Back Page

● BL is to announce more job cuts in its truck and bus division. Unions fear that up to 3,000 jobs will be lost and two plants closed. Back Page

● ATLANTIC CONTAINER LINE, the leading cargo shipping operator across the north Atlantic is to order five new ships at a total cost of about £150m.

### COMPANIES

● BOOTS' pre-tax profits improved to £54.1m (£47.5m) for the six months to September 30. Page 21, Lex Back Page

● POWELL DUFFRYN, the shipping and engineering group's pre-tax profits fell to £4.63m (£6.79m) for the half-year to September 30. Page 21

## PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| ...c 1996 | £58½ | + 1½ |
| ...pc 05-08 | £34½ | + 1½ |
| ... | 376 | + 10 |
| ...ews | 230 | + 8 |
| ...erospace | 192 | + 9 |
| ... | 250 | + 15 |
| ...M. J.) | 88 | + 11 |
| ... | 163 | + 10 |
| ...ls | 209 | + 11 |
| ... | 156 | + 10 |
| ... | 337 | + 12 |
| ... | 182 | + 4 |
| ...Scotland | 177 | + 19 |
| ...urities | 325 | + 20 |
| ...neering | 185 | + 10 |
| Ward (T. W.) | 144 | + 17 |
| Whitbread A | 148 | + 6 |
| Shell Trans. | 376 | + 16 |
| Sovereign Oil | 385 | + 20 |

FALLS

| | | |
|---|---|---|
| CSR | 210 | − 22 |
| City Offices | 123 | − 4 |
| Flight Refuelling | 275 | − 25 |
| Mercantile House | 425 | − 20 |
| Porter Chadburn | 33 | − 6 |
| Powell Duffryn | 235 | − 5 |
| Ashton Mining | 75 | − 5 |
| Gld Mns Kalgoorlie | 350 | − 20 |
| MIM Hldgs | 182 | − 5 |
| Pancontinental | 146 | − 8 |

# Benn exiled to back bench as right gains in Shadow Cabinet

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR MPs last night sent Mr Tony Benn into exile on the back benches. They failed to return him to the Shadow Cabinet, and elected instead a team with a slightly bigger in-built majority for the Centre-Right than last year.

This means the conflict between the Shadow Cabinet and the party outside Westminster is likely to continue, with the Parliamentary leadership well to the Right of most local parties.

Mr Tony Benn last night described Mr Michael Foot as a leader "imprisoned by his own Right-wing in the Shadow Cabinet."

Mr Benn, who finally drove Mr Foot to disown him last week because of his refusal to accept the conditions of Shadow *Cabinet membership, saw his* vote fall by a quarter. But it held up better than might have been expected in view of his split with Mr Foot. He came joint fifth, with 66 votes, among the runners-up, and must have picked up votes from outside the Left-wing Tribune Group.

The result certainly cannot be interpreted as the humiliating snub which some right-wingers were hoping Mr Benn would receive. It suggests that some left-wingers had already followed Mr Foot's advice to vote for Mr Benn before the party leader finally withdrew his support on Friday.

The number of elected places increased this year from 12 to 15. The 246 Labour MPs returned all the 10 members of the Shadow Cabinet standing for re-election except for Mr Benn. The five newcomes were all moderates except for Mr Eric Heffer, once Mr Benn's most valuable ally, but more recently a critic of him.

Despite the defection of 22 Labour MPs to the Social Democrats since last year's election, all the moderates in the Shadow Cabinet increased their vote. This year Mr Peter Shore moved up into first place with 147 votes while Mr Roy Hattersley and Mr Gerald Kaufman were again in the top three.

Mr John Silkin also moved up the ranking together with Mr Neil Kinnock, a leading Tribunite who incurred the wrath of the hard left when he refused to vote for Mr Benn in the deputy leadership contest. Significantly, Mr Brynmor John, who as the party defence spokesman had advocated multilateralism rather than the party conference policy of unilateralism, got a good voice.

The result means that the centre-right will have a majority in the Shadow Cabinet of 10 to *five and Mr Foot as a Tribunite* is again in the minority. There is probably now a majority in the Shadow Cabinet in favour of withdrawal from the EEC.

● Labour peer Lord Cudlipp yesterday resigned the Labour whip in the House of Lords and announced that he was joining the Social Democrats. He said he had "waited in vain for a return to sanity in the Labour Party," and could no longer defend its main policies.

SHADOW CABINET

| | Votes |
|---|---|
| Peter Shore | 147 |
| Gerald Kaufman | 142 |
| Roy Hattersley | 135 |
| John Silkin | 132 |
| Eric Varley | 131 |
| Merlyn Rees | 128 |
| Neil Kinnock | 118 |
| Albert Booth | 114 |
| John Smith | 111 |
| Brynmor John | 105 |
| Stan Orme | 104 |
| Bruce Millan | 92 |
| Eric Heffer | 84 |
| Peter Archer | 83 |
| Gwyneth Dunwoody | 82 |

# EEC meeting leaves key policy issues unresolved

BY JOHN WYLES IN BRUSSELS

EEC foreign ministers yesterday set the scene for a cliff hanging community summit in London next week when they failed to make any useful progress on the key issues of agricultural reform and limits on British and German payments to the EEC budget.

Telephone lines between community capitals are likely to be humming over the next few days as governments try to avoid a diplomatic debacle.

Most ministers emerged from yesterday's meeting—their third this week—anxious for some agreement at the summit although few have shown much readiness to prepare the ground since Monday.

Much will depend on the draft conclusions for the summit which the British Government, in its capacity as president of the EEC Council of Ministers, will deliver to the other Nine early next week. These seem likely to entail much less specific reform commitments than London had once hoped, but they could enable the summit to pave the way for further negotiation toward final agreement at the European Council in Brussels next March.

German officials disclosed here yesterday that Mrs Thatcher, who will host next Thursday and Friday's summit, told Chancellor Schmidt, during talks in Bonn on Wednesday, that she had low expectations of the meeting.

For the moment, however, Lord Carrington, the British Foreign Secretary and President of the Council of Ministers, is seeking as full an agreement as possible so that the Ten may meet their commitment of May last year to agree a package of reforms by the end of next month.

"The problems will become harder, not easier, the longer they are left," he said yesterday. Some governments had, if anything, hardened their positions on agriculture since the ministers last met on Tuesday. Discussion on the budgetary problems had, however, contained some "hopeful elements."

The most inflexible tones are coming from Paris, which has made clear its conviction that any major change in the Common Agricultural Policy will be for the worse, but that if any are necessary they should be in the direction of maintaining farmers' incomes and stronger protection from imports.

Several delegations remain hopeful, however, that President Mitterrand may be ready next week to agree to set certain financial constraints on agriculture in return for strong commitments from others to develop new EEC policies on industrial development, energy and transport.

Officials also believe that the less the British and Germans push for difficult changes on the Common Agricultural Policy the more concessions they are likely to gain on limiting their budget payments.

# Shell earnings rise by 8.4%

BY RAY DAFTER, ENERGY EDITOR

THE Royal Dutch/Shell Group yesterday reported an 8.4 per cent improvement in its earnings in the third quarter over the same period last year and a "significant turnaround" in the performance of its manufacturing, marketing and marine businesses.

Net income in the July-September quarter was £424m, against £391m last year. The company said the underlying trend was even more satisfactory.

When results were adjusted to take account of currency fluctuations and the first-in, first-out method of stock valuation, net income in the third quarter was 46 per cent above the corresponding three months of last year.

Shell reported that its earnings from oil and gas operations had increased as a result of rising prices. In the oil products market, sales volumes had been maintained at almost the same level in spite of an industry-wide decline in demand.

The improved financial performance of the refinery and marketing operations largely reflected the stabilisation of crude oil prices. Shell said it was no longer suffering such a competitive disadvantage against companies — essentially U.S. groups — which had access *to cheaper crude.*

The recent price unification agreement by Opec had largely restored "rationality" to oil pricing, said Shell. "This is an important factor for group companies and others in the industry that have been trading at a competitive disadvantage."

Shell's third quarter earnings in the manufacturing, marketing and marien sectors — when measured on the basis of estimated current cost of supplies — amounted to £114m, compared with a loss of £86m in the second quarter. Improved trading conditions lifted these earnings, when measured on a current cost basis, slightly above the level in the third quarter last year.

The group's depressed chemicals operations still made a substantial loss, but Shell said that, compared with previous quarters, losses had been reduced because of improved sales and higher prices.


Details, Page 20
Lex, Back Page


# U.S. Steel bids for Marathon in $6.6bn deal

BY PAUL BETTS AND IAN HARGREAVES IN NEW YORK

U.S. STEEL, the largest American steelmaker, agreed yesterday to take over Marathon Oil, the country's 17th largest oil company, in a deal worth $6.6bn (£3.47bn).

The offer is $1.5bn higher *than the contested bid from* Mobil for Marathon three weeks ago.

Although U.S. Steel has been preparing for a big acquisition since mid-summer, yesterday's offer was more dramatic than Wall Street had expected.

If the deal goes through, the combined companies would rank ninth in Fortune magazine's list of the 500 biggest U.S. corporations with annual sales of more than $20bn—a similar size to the recently merged Du Pont-Conoco.


Marathon Oil Bray Field test encouraging, Page 6
U.S. Steel joins the club, Page 18
Lex, Back Page


Together the two companies will have interests in steel, oil production, refining, chemicals, coal, shipping, railways and metal fabrication.

In an attempt to discourage Mobil or any other major oil company from entering the bidding, Marathon's investment banker, First Boston, has structured the deal to ensure that even if U.S. Steel is outbid, it will still have an option to buy Marathon's crown jewel, the company's interest in the prolific Yates oil field in Texas.

Marathon also owns major interests in the British North Sea's Brae field, where it anonunced a new discovery yesterday.

The deal involves a two-step offer. First, U.S. Steel will pay $125 per share in cash, a total of $3.75bn, for 51 per cent of Marathon's almost 60m shares. *Mobil bid $85 a share in cash* for two-thirds of Marathon.

U.S. Steel's second stage will be to offer $100 per share in 12 year 12¼ per cent senior notes for the remainder of the company, excluding a small minority of shares held by Marathon and by U.S. Steel.

As a protective measure, Marathon has granted U.S. Steel an option to buy up to 10m newly-issued Marathon shares for $90 each in cash. In addition, Marathon has granted U.S. Steel an option to buy for $2.8bn its interests in the Yates field.

"This option," the company said, "would be exercisable if control of Marathon passes to a third party."

Mr Harold Hoopman, Marathon's president, said last night that his board had accepted the U.S. steel offer because it was "fair" and would guarantee the oil company's managerial independence.

The company, he said, would also keep its corporate headquarters in the small town of Findlay, Ohio, which is about 200 miles from Pittsburgh where U.S. Steel is based.

The residents of Findlay were among the loudest opponents of the Mobil bid, which they feared would lead


Continued on Back Page


# Banking figures give cold comfort to Government

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A WIDE and confusing difference in the growth of the measures of the money supply is shown in the latest banking figures, out yesterday.

The figures for October, still heavily distorted by the effects of the civil servants' strike, will give little comfort to the Government in its efforts to reduce monetary growth.

They show that sterling M3, the wider measure of money, including longer-term bank deposits, increased by 1.7 per cent in the month. But in the same time M1, the narrower measure, including currency and current account deposits, fell by 0.3 per cent.

Sterling M3 has grown at an annual rate of 19 per cent since February compared with the Government's target range of an annual rate of 6 to 10 per cent until the Budget.

This partly reflects the fact that banks have been bidding

MONEY SUPPLY % RISES (seasonally adjusted)

| | Oct. | since Feb. annual | last 12 months |
|---|---|---|---|
| M1 | —0.3 | 10.5 | 9.6 |
| £M3 | 1.7 | 19.4 | 15.6 |
| PSL1 | 1.3 | 17.6 | 13.2 |
| PSL2 | 1.1 | 15.4 | 13.2 |


Continued on Back Page
Economic growth "may falter,' Page 2
Editorial Comment, Page 18
Howe says recession receding, Page 8


# Yesterday has gone for ex Beatle

BY JOHN MOORE

FORMER BEATLE Paul McCartney has had his attempts to buy back Yesterday—and the copyright of all the other hits he wrote with *the late John Lennon—turned* down.

Lord Grade, chairman of Associated Communications Corporation, the entertainments conglomerate, said yesterday that he had rejected an offer worth more than £21m from business interests of Mr McCartney for the copyrights.

He said: "If I sell, I sell the whole business. They only wanted part of the catalogue."

He confirmed that the copyrights of the music publishing division—Northern Songs—were for sale and that there were six major contenders. Lord Grade paid *£10m for Northern Songs in* 1969.

"They know what price I am looking for. I have a bad memory and I hope it is a nice round figure."

He added that, although the group was putting the copyrights up for sale, "it doesn't mean I won't still be in the music business. The publishing side will get new titles."

Lord Grade added that he received no approach from Lennon's widow, Yoko Ono, *for the rights to the Beatles'* songs. "Maybe she's thinking about it."

Colin Chapman in Sydney writes: Mr Robert Holmes à Court, the Australian entrepreneur who recently built up a 50.1 per cent shareholding in Associated Communications' non-voting shares, said Lord Grade's company would collaborate directly with his Australian companies in the production of television programmes and films.

He expected joint productions between Associated and his TVW Enterprises company, which controls television stations in Perth and Adelaide, and has a minority interest in one in Melbourne.

In London Lord Grade said: "We haven't discussed anything but if any of his companies want to invest in our films we'd be delighted."

£ in New York

| — | Nov. 18 | Previous |
|---|---|---|
| Spot | $1.9235-9250 | $1.8925-8940 |
| 1 month | 0.42-0.35 dis | 0.42-0.35 dis |
| 3 months | 0.80-0.80 dis | 0.90-0.80 dis |
| 12 months | 1.20-1.00 dis | 1.20-1.00 dis |



## CONTENTS


U.S. steel: the $6bn bid for Marathon .......... 18
Politics today: Hungary—in praise of moonlighters .......... 19
Commercial law report: charterer's liability for delay .......... 9
Management: market share theory—a rethink .......... 10
Technology: Hoechst's plans for biotechnology .......... 12
Editorial comment: UK interest rates; U.S. arms sales .......... 18
Lombard: David Lascelles looks at U.S. credit markets .......... 19
Property: Greycoat seeks asset base .......... 26
British skiing: the growing market .......... 29
Survey: Swiss banks .......... 13-16

American News ... 4
Appointments ... 30
Arts ... 17
Bank Return ... 22
Base Rates ... 9
Commodities ... 33
Companies UK ... 20-22
Contracts ... 29
Crossword ... 17
Entertain. Guide ... 17
Euromarkets ... 24
European News ... 2-3
European Options ... 22
FT Actuaries ... 34
Intl. Companies ... 23-25
Leader Page ... 18
Letters ... 19
Lex ... 38
Lombard ... 19
London Options ... 22
Management ... 10
Men & Matters ... 18
Mining ... 22
Money & Exchngs. ... 31
Overseas News ... 4
Parliament ... 8
Property ... 26
Property Advtg. ... 24-26
Racing ... 9
Share Information ... 36-37
Stock Markets:
London ... 34
Wall Street ... 32
Bourses ... 32
Technology ... 12
UK News:
General ... 6-7
Labour ... 8
TV and Radio ... 9
Unit Trusts ... 31-35
Weather ... 38
World Trade ... 5
World Value $ ... 34
INTERIM STATEMENTS
Boots ... 20
Porter Chadburn ... 20
ANNUAL STATEMENTS
Galiford Brindley ... 20
M. J. Gleeson ... 21
Romar Text. ... 10
Wade Potteries ... 21


*For latest Share Index phone 01-246 8026*

# East and West divide over Reagan arms proposal

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's nuclear disarmament proposal left East and West sharply divided yesterday, meeting hostility in the Soviet bloc and support in the U.S. and from other Nato countries.

It won widespread acclaim from both Republicans and Democrats in the U.S. Congress yesterday but the White House said President Reagan was disappointed by what he considered Soviet misunderstanding of his call for a ban on medium-range nuclear missiles in Europe.

*Administration officials* and arms control experts said, however, they would not rule out a serious counter-proposal from Moscow despite its initial negative reaction.

Mr Caspar Weinberger, the Defence Secretary, said he did not know if the Soviet Union would agree to bargain on the basis of Mr Reagan's proposal. But if they would take the trouble to analyse it, he said, they would see it could benefit them enormously as well as the U.S. by freeing part of their huge arms budget to help their troubled economy.

However, Mr Paul Warnke, chief arms negotiator under President Jimmy Carter, said Moscow had previously *indicated willingness to reduce* its SS-20 missiles, so the debate was over numbers and not over principles.

He said private comments by some administration officials predicting Soviet rejection of Mr Reagan's proposal were "practically an invitation to the Russians to reject it."

Congressional support for the President was accompanied by warnings that the offer could only be seen as the beginning of what was likely to be a long, hard bargaining process.

"*It's going to take time to* accomplish anything" with the Soviet Union, said Mr Richard Perle, the Assistant Secretary of Defence for international security policy.

Most Congressmen, however, were pleased that Mr Reagan appeared to have grabbed the *initiative with his disarmament* proposal. Mr Robert Byrd, the Senate Democratic leader, said Mr Reagan had "effectively taken the offensive out of the Soviets' hands."

Further good news from Capitol Hill for the President came as the House of Representatives approved by a two to one vote, his request for $4.3bn to develop the MX missile and the B-1 bomber, two *key components of his* strategic weapons programme. The Senate was expected to follow suit imminently.

**David Satter writes from Moscow:** The Soviet Union continued to attack Mr Reagan's plan for a mutual ban on *nuclear weapons in Europe* yesterday and there appeared to be little prospect of Soviet acceptance of the proposal now or int he near future.

The Soviet Government newspaper Izvestia yesterday warned that the Reagan proposal, which was swiftly dismissed as a ploy *on Wednesday night by the* official news agency Tass, gave West European politicians no cause for rejoicing.

The newspaper said that it hoped that the proposal for a mutual ban on U.S. Pershing 2 and Cruise missiles and Soviet *SS-4, SS-5, and SS-20 missiles in* Europe was not the "last word" from the U.S.

Tass, in a report on foreign reaction to the proposal "quoted" opinions in Washington, London and other capitals to the effect that the proposal was a "propaganda trick" and Soviet *acceptance would* ensure U.S. tactical superiority in Europe.

At the same time, a deputy general of the Soviet strategic rocket forces wrote in the Soviet newspaper, Trud, of the immense power of the Soviet missiles which the Reagon proposal would seek to ban and said that the Soviet rocket force *had reached a "qualitatively* new level of development."

Colonel-General A. D. Melekhin said: "These rockets are capable of quickly and successfully dispatching to a target nuclear charges of colossal power, dealing unavoidable *blows to the aggressor* wherever he may be."

Commentaries in the Soviet Press yesterday stressed that the Reagan proposal ignores U.S. forward-based systems and the British and French nuclear deterrents. As a result the U.S. would be left with a unilateral nuclear advantage if all theatre nuclear forces in Europe were eliminated.

They do not refer, however, to the Soviet Union's own forward-based missiles and bombers, which were also left out of the Reagan plan. These are *believed* to outnumber the Western systems in terms of warheads by 2.5 to 1.

Many Western analysts *believe that although the Soviet* Union is prepared to accept strategic parity with the U.S. it is determined to preserve superiority on the European continent in nuclear weapons as in tanks and troop levels.

Mr Reagan's proposal will make it more difficult for the Soviet Union to appeal to the growing peace movement in Western Europe but it not thought likely to distract the Soviet leaders from their basic policy goals.

## Schmidt stance stronger for Brezhnev talks

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany will go into his talks in Bonn next week with Mr Leonid Brezhnev, the Soviet president, *in a stronger position* than had seemed likely.

Herr Schmidt is delighted with President Ronald Reagan's *speech of* Wednesday, which included many of the elements he has been pressing the Americans to accept as formal policy aims in their negotiation with Moscow.

He will now have a final exchange of views with Mr Reagan by telephone before Mr Brezhnev arrives in Bonn on Sunday night.

Although an undercurrent of discontent remains in Herr Schmidt's Social Democrat Party (SPD) over the Nato "twin track" decision on nuclear missiles, it is increas*ingly unlikely that it will* lead to an SPD revolt.

Herr Schmidt will make it plain to Mr Brezhnev in Bonn *that if there is no progress in* those negotiations by mid-1983, then West Germany is determined to carry out its obligations under the "twin track decision." That means that some Pershing-2, U.S.-built missiles will be deployed on West German territory *from 1984.*

Herr Schmidt will also warn Mr Brezhnev not to overcomplicate the start of the negotiations with the U.S. by trying to draw different weapons systems into the talks at the start.

The implied warning is that if the Russians do this, there may be very little progress by mid-1983 and deployment of U.S. missiles in Western Europe will become inevitable.

In other words, Herr Schmidt will be underlining the U.S. stand that the first object of the negotiations is to arrive at a deal involving U.S. and Soviet intermediate-*range missiles—not* U.S. nuclear bombers based in Europe or British and French nuclear forces.

This is contrary to the Soviet position, *which is that* Moscow's new missiles—above all the SS-20—are a response to an existing threat in the *European theatre and that* a rough balance of nuclear power already exists.

It is felt unlikely in Bonn that Mr Brezhnev will signal a change in that view so close to the start of the Geneva talks. But Herr Schmidt will be out to convince the Soviet leader that Bonn will stick to the "twin track" decision and second, that President *Reagan is looking for successful* negotiations—not playing for time while extending the U.S. nuclear arsenal.

# Genscher calls for greater co-operati[on] on security policy

BY WALTER ELLIS IN STRASBOURG

THE EXTENT to which the European Community is now veering towards consideration of a common security policy was made clear yesterday by Herr Hans Dietrich Genscher, the West German Foreign Minister.

He told the European Parliament that, as part of the Italian-West German initiative on European union, the *Community* should be prepared to adopt a united stance on arms control and disarmament, the need for equilibrium of forces between East and West and the establishment of a "European peace system."

He recognised that the security question required circumspection but said that the governments of West Germany and Italy "regard the inclusion of the political and economic aspects of European security in the emerging common foreign policy (of the Ten) as indispensable."

MEPs for the most part received Herr Genscher's address with cautious approval. But Irish and Danish members are concerned about a common security policy, as are the French Communists and, to a lesser extent, their Gaullist fellow countrymen.

The Italian-German plan also seeks a strengthening of political co-operation among the Ten, increased cultural and legal ties, a more central role for MEPs and the for solidation of the thri summits as the core munity decision-makin

Each of these are potential problems: I security which carr prospect of radical c

What was required b Genscher said, was:

● A joint analysis of w and regional threats Community's security.

● The development o by the Ten to coun threats and help en Community's economic and supplies of energy materials.

● Improvement in t joint capacity to reac sultation with the Nato to world crises.

● The developmen "trend-setting" overal leading to "agreed based on equilibrium *and ultimately to* a peace system, for w policy must deve political and econom sions."

Both Herr Gensche Colombo, who als stressed that they cerned with the no aspects of security, Christian de la Malen group leader in the P said that this was clea stood.

# President 'ill' reports denied

BY DAVID WHITE IN PARIS

CONCERN OVER the health of M Francois Mitterrand, the French President, has gained currency as a result of Press reports about examinations carried out earlier this month at a Paris hospital.

The President's Press office *said a routine report on M Mit*terrand's state of health would be made public next month. It confirmed that he was undergoing check-ups at the Val-de-Grace hospital for this purpose.

M Mitterrand, who was 65 in October, promised when he took office in May to provide six-monthly health bulletins. The first one concluded that his "general state" was "absolutely satisfactory" and that "no acute or chronic anomaly" had been detected.

At a news conference in September, the President laughed off a question about reports that he was seriously ill. "I admit that I sometimes sneeze," he said, "and that the other day, after some ill-considered movements, in a perfectly praiseworthy activity of a sporting nature, I slightly twisted a vertebra."

M Mitterrand is known to suffer from lumbago, but suggestions of a much graver ailment have recurred over a number of years. The reports on his check-ups were published *in the glossy weekly magazine* Paris-Match and the popular afternoon paper France-Soir.

The reports said that M Mitterrand had made two separate visits to the hospital on November 7 for sophisticated examinations under the supervision of a gastro-enterologist.

"Witnesses who recognised him say he was 'lemon yellow,' and walked with difficulty," it said. This does not correspond, *however, to the impressions of* people who have recently seen the President at work or at leisure.

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# Paris move to aid textile industry

BY TERRY DODSWORTH IN PARIS

FRANCE'S AILING textile sector is to receive special Government-backed aid to reduce its social security contri*butions in a first step towards* reconstruction of the industry.

The decision is the first indication of the Government's thinking on methods of tackling the problems of declining traditional industries. Several sectors, including the wood-based industries and leather goods production, are to be looked at afresh to try to halt the decline.

While the authorities stressed that the social security subsidies were only a preliminary to a wider aid plan, the Government is under severe pressure to produce a global project before the end of this year.

According to a calculation by a special Parliamentary Committee, textile jobs are being lost at the rate of about 30,000 a year. In addition, the Government has to agree on a reorganisation of the Agache Willot group's textile activities.

Agache Willot's problems, after its financial collapse earlier this year, are among the factors that have slowed down the Government's original aim to act quickly in the textile area.

The Government wants to see progress on the new Multifibre Arrangement now being negotiated in Geneva before making its final decisions.

The interim measure on social security contributions, indicates the emphasis the authorities contributions will place in its reconstruction plans on fiscal aids. A number of ministerial declarations have made it clear that France does not want to sink into protectionist controls as a means of developing its manufacturing sector.

In return for these aids, the textile companies are being asked to give commitments on investment and jobs.

The Government is setting up a *new promotional centre* for the textile and clothing industries, to direct investment into innovation and research.

# Solidarity alerts memb to dangers of provocat

BY CHRISTOPHER BOBINSKI IN WARSAW

LEADERS OF the Solidarity union movement in Poland have warned members about the dangers of being provoked into striking while "peace" talks with the Government proceed.

A statement issued after the first session of negotiations said: "We must not expect that our road to national accord is to everyone's liking . . . We could be drawn into strikes to prove that the union is not in control of the situation and to enable it to be accused of harming the economy."

Solidarity *has set up a special* group, headed by Mr Stanislaw Waldolowski, the union's deputy chairman, which is intended to settle industrial proble

Parliament, meaw issued a statement Solidarity that it strikes if its appeals peace continue tobe

Students at some 1 ties throughout the c continuing their sit-i port of greater auto talks are continuing paper-sellers protesti a drop in earnings.

Yesterday the first of negotiations on c an independent natio *to control the Govern* omic policy got und tween the union and ment team.

# ...arez to quit ...ling UCD ...rty in Spain

...BERT GRAHAM IN MADRID

...MER Spanish Prime Sr Adolfo Suarez, yes...nfirmed that he in...leave the ruling Union ...Democratico (UCD) ...ty he founded in 1977 to victory in Spain's democratic elections.

...ez feels forced to leave ...f irreconcilable differ...r the future direction ...ty. He wants the UCD ...a progressive non...al centre party, but ...is battle against those ...to make it more con... Catholic and right...

...g to El Pais, the ...daily newspaper, he ...ily, I am no longer at in the UCD . . . I have ...but to leave." He ...at he would go "at a which would do least ...o the party."

...rez's comments were ...th a mixture of bitter... sadness. The party has largely due to him. At ...1977 elections, the ...no more than a loose ...of political forces ...from Social Democrats ...erals to conservative ...and former Fran...s electoral triumph was ...t of Sr Suarez's own ...ty and its moderate platform.

...D was only constituted ...per party two months ...se elections. Until the ...mework for a modern ...ic state had been laid ...ich there was basic ...t—the discrepancies ...sonal differences were over. However, since ...y's win in the March ...ction these differences ...ne increasingly to the

...egining of Sr Saurez's ...ithin the UCD ocurred ...ry when he resigned ...premiership and also leadership of the party. ...lea then was that these ...tions be kept separate ...ent one person from too much power and to ...he Prime Minister more ...govern. It had the dis...ge, however, of making ...lt, if not impossible, for ...ne Minister to govern if ...rty apparatus did not support him.

Sr Suarez had made sure that the party apparatus was largely in his hands. Sr Leopoldo Calvo Sotelo, the present Premiere, has been trying to wrest control from him since early in the year. Sr Calvo Sotelo reportedly was ready himself to walk out of the UCD with his supporters if necessary.

Attempts in September failed to neutralise Sr Suarez and why they have now succeeded has caused much speculation.

Last weekend, Sr Augustin Rodriguez Sahagun, the man approved by Sr Suarez in February to be party secretary-general, was forced to resign

Sr Suarez . . . "no option but to leave"

and Sr Suarez himself left the executive. The latter has denied suggestions that King Juan Carlos's chief aide, Gen Sabino Fernandez Campos, asked him to step aside.

The version Sr Suarez prefers to give is that the UCD is being pulled towards the Right and is ceasing to be the party he created. But Sr Calvo Sotelo and his supporters argue that Sr Suarez's view of the party ignores its electoral base, which is essentially Centre-Right.

Sr Suarez now becomes even more of a political rogue elephant and Spain has far from seen the last of him.

# Ecevit's prison sentence confirmed

By Metin Munir in Ankara

THE FOUR-MONTH prison sentence given to Mr Bulent Ecevit, the former Turkish Prime Minister, for denouncing the military administration has been confirmed.

His lawyer yesterday said the martial law commander in Ankara had upheld the verdict passed on the social democratic politician by a military court more than two weeks ago.

There is no right of appeal and Mr Ecevit will go to prison when the Ankara prosecutor decides. This may not be for several months.

Mr Ecevit was sentenced under a decree issued by General Kenan Evren's National Security Council which forbids former politicians to make political statements. Last month, Mr Ecevit publicly condemned Gen. Evren's decision to dissolve all political parties and he denounced the regime.

He said he did not condone the military administration and distrusted its intentions about the sort of democracy it planned to introduce.

The decision to send Mr Ecevit to prison suggests that the regime is determined to pursue tough policies, in spite of protests from Turkey's Western allies and growing disgruntlement at home.

Herr Hans Dietrich Genscher, the West German Foreign Minister, who visited Ankara earlier this month, warned that such tough measures might make it difficult for Western governments to gain parliamentary approval for military and economic aid to Turkey. Similar warnings have come from other western European governments and from the European Community, which is dragging its feet over a five-year $650m aid package.

Mr Ecevit is one of Turkey's most senior politicians. He served in Parliament for nearly 24 years until it was dissolved following the military takeover 14 months ago. He was the main opposition leader for about six years and Prime Minister for three.

Reuter adds from Oslo: Norway has deferred a grant of NKr 50m (£4.5m) to Turkey until the political situation there has been clarified, a government spokesman said yesterday. The grant was intended as part of an OECD paskage to help Turkey overcome its economic troubles.

Political passions in France have become more inflamed, writes **David Housego**

# Doubts over Mitterrand's policies grow

IT IS already becoming an established practice of the Mitterrand Administration that when public confidence in the Government seems to be slipping, the President appears on television to rally the nation.

M Francois Mitterrand's first televised press conference was in September, when Frenchmen returning from their summer holidays, bewildered at the lengthy catalogue of legislation the Government was preparing for them, heard the President explain his priorities and demand their support in the battle against unemployment.

M Mitterrand has let it be known that he will make another television appearance in the next few days. This comes at a time when industrialists have become increasingly hostile to the Government's plans and when there are doubts elsewhere that Socialist policies are working.

The Administration has had to swallow the bitter—but almost inevitable—pill of unemployment exceeding 2m. The young followers of former President Giscard d'Estaing have rubbed in the Government's humiliation by plastering Paris walls with posters recalling President Mitterrand's *pre-election pledge that it* would never reach that level.

It is an effective campaign because opinion polls, which show the President's popularity diminishing slightly also show weakening confidence in the Administration's ability to tackle unemployment and inflation.

M Pierre Mauroy, the Prime Minister, has been making a series of one day trips to the provinces to encourage investment and employment, where he was met by queries from employers and unions about the coherence of government policy. His own plan to create 100,000 new jobs over the next year by so-called "solidarity contracts," which would allow companies to recoup part of the social security costs for each new person they employed, has *fallen on deaf ears. No con*tracts have been signed.

The pro-Socialist Paris daily, Le Matin, commented recently: "A government is treading a narrow path when it fails—as has been the case (in France) over the last six months—neither to please the unions, nor sign an armistice with employers, nor mobolise public opinion behind its many projects."

The Administration's faltering has been pounced on by the right-wing and centre opposition parties, which have been brusquely attacking its economic record and drawing a bleak picture of the future.

The political battle is almost certain to intensify today when the nationalisation Bill goes before the Senate, which can be expected to reject it initially to demonstrate its distaste for the whole project.

Faced by delays to his parliamentary timetable in both the Senate and the National Assembly, M Mauroy announced on Wednesday that his promised "Christmas gift" of a shorter working week, longer holidays and the possibility of earlier retirement will be *passed by decree.*

Many Socialists and union leaders feel uncomfortable with this procedure because it echoes the dictatorial tactics of previous Governments. Predictably, it was immediately denounced by the opposition in the sharp tones which reflect the increasing polarisation of French politics.

M Mitterrand wants to revive confidence and urge the need for moderation. His most difficult task will be to convince employers' organisations who have lost faith in his government.

M Mauroy was heard with disbelieving laughter when he recently told a large gathering of industrialists in Paris that the Government expected industry "to produce, to create jobs, to invest and to export."

M Mitterrand: had to swallow the bitter, but almost inevitable pill of 2m unemployed

*The leaders of employers'* organisations have become increasingly militant in their comments, reflecting the restlessness of their members. M Francois Ceyrac, the outgoing *President of the Employers'* Federation, said recently that "the situation in France was now graver than in 1936"—the period of the Popular Front Government.

He said employers were being accused of "being the main obstacle to the Government's plans. But it's not us who are at fault: it's the programme that is off the mark."

M Rene Bernasconi, the head of the small and medium sized business federation, which ostentatiously broke with tradition by not inviting a government minister to its recent conference, accused the Government of being out of touch with industry. "In the ministries nobody has spent more than a couple of days in his life in a factory," he said. Industrialists were fed up with being branded as "profiteers and speculators," he added.

Behind this sabre-rattling lies industrialists' dislike of a whole range of government measures, such as nationalisation of bank *credit, wealth tax, regulation of* certain prices, increased taxes on expenses and the reform of labour law.

The final provocation for this fresh increase in indignation has been the recent increase in employers' contributions to social security charges to help finance the deficit in the social security budget. The increase runs counter to an earlier promise of M Mitterrand's.

The unions and the Communists have also been disenchanted by the increase in employers' social security charges. *The Communist-*dominated CGT union called it "an injustice" and the pro-Socialist CFDT union said that once more it "was the wage earners who were being affected."

M Mauroy, has suffered the *humiliation in his own home* town of Lille of seeing the municipal workers' unions threaten to strike over a rearrangement of the working week, in the form being pro*posed by the mayor's office.* Unease has been more widely reflected in the scattered strikes and industrial action, which have gathered momentum since the early autumn.

Some of the grumbling would subside if the recovery of the economy could be sustained beyond the early part of next year. A pick-up in activity is under way, but its durability will depend on whether new private sector investment materialises. Overall industrial *investment* is expected to fall by 4.5 per cent this year, with a steeper drop in the private sector.

The Socialists believe that the opposition is damaging the chances of a revival with its gloomy forecasts of accelerating inflation and a deteriorating balance of trade. To the Socialists, these attacks smack of "economic sabotage," springing from a spirit of "revenge."

But political passions on both sides have become more inflamed. M Jean Foyer, a former minister and a neo-Gaullist deputy, wrote recently that the Socialists had a tendency to "conduct themselves *like totalitarian parties in* Europe between the wars in Germany, Italy and elsewhere."

M Jacques Chirac, the Gaullist leader, has pleaded for more tolerance on the grounds that "the present political climate is dangerous for democracy and, if it continues, for public security as well."

It is an appeal that M *Mitterrand can be expected to* repeat. His policies can have no chance of working in an atmosphere of embittered violence.

# ...y deal brings hope for ...d to Norway rig strike

...AY GJESTER IN OSLO

...Y agreement which ...nd the Norwegian oil ...pute has been reached ...the rig-owners' asso... and the four maritime

...trike has been delaying ...ory drilling in both the ...an and British sectors North Sea. The deal, ...nal on a general re...n of work, provides for ...er cent increase from ...1 and a commitment ...owners to reconsider ...les on mobile rigs.

...situation remains con...however, because many strikers have resigned from their old unions to join a new, more militant organisation for "shipping company oil employees."

This group has been welcomed as an *affiliate by the* equally militant production workers' union, which organises workers on the fixed installations in Norway's sector. The mobile rig workers' main aim is to achieve wage parity with the workers on the fixed installations.

Work has been resumed on one or two previously strike-bound rigs following a change of shifts with fresh crews replacing strikers.

# Dublin makes major pay policy change

By Brendan Keenan in Dublin

EXPLORATORY TALKS on achieving a centralised pay agreement in Ireland took place yesterday after a significant switch in government policy. The Government has abandoned its plans to keep public sector pay below 7 per cent and leave the private sector to free collective bargaining.

Instead, it has proposed another national agreement which would involve a two-month pay pause, followed by a two-phased deal totalling 12 per cent over 15 months.

The proposal has been enough to bring the unions and employers back to the negotiating table, although *without* any prior commitment.

Ireland's national pay agreements have been criticised for being too expensive, leading to substantial wage *drift above* the agreed terms, as workers bargained for special productivity deals.

The Cabinet has clearly been alarmed by the prospect of widespread industrial unrest in a free-for-all.

# Yen jumps back against the dollar

By Charles Smith, Far East Editor, in Tokyo

A SERIES of large orders by foreign central banks and other overseas buyers, against a background of basic economic strength, has produced a spectacular jump in the value of the Japanese yen against the dollar during the past few days.

The yen-dollar rate closed at Y227.2 on the Tokyo foreign exchange market at the end of last week, but had reached Y220.45 by yesterday evening, with roughly half of the gain taking place in a single day. In London yesterday the dollar closed at Y220.2 after falling to Y219.1 in early trading, its lowest level for five months.

Turnover on the Tokyo spot market has also set new records. On Thursday, when the yen moved up by more than three points against the dollar, a total of $1.888bn (£988.6m) changed hands, nearly $150m more than the previous record set in September.

*Declining U.S. interest rates*—which have made the yen a relatively more attractive currency in which to place moveable assets—are cited as the main reason for the yen's recent recovery.

Within this framework, however, a number of more technical causes have also helped to shift the rate. One factor cited by analysts is the rapid emergence of a surplus of forward dollars contracts placed by Japanese importers over exporters' forward sales contracts.

The surplus jumped from $900m during the first two weeks of November, to $550m in the first three days of this week. Thursday alone, import contracts exceeded export contracts by $370m, indicating a continued acceleration of the trend.

The significance of the surplus in import contracts is that importers are no longer financing their imports with spot market dollars—as they were during the yen's period of weakness in the late spring and summer. Instead, major importers such as the oil refining industry, are holding off in anticipation of further declines in the dollar's value.

A shift from virtual equilibrium towards surplus in Japan's overall balance of payments (current account plus long and short term capital movements) is another factor which seems to be altering the balance of supply and demand in the Tokyo market.

The supply and demand factors which have been strengthening the yen have been reinforced during the last few days by major buying or selling orders from overseas. The Saudi Arabian Monetary Authority was reported to have bought Y25bn worth of *Japanese government bonds* maturing in two to three years' time on Wednesday. On the same day, bond purchases ranging between Y40bn and Y80bn (depending on the source of the report) appear to have been placed by one or more U.S. banks.

The Monetary Authority of Singapore, which moved abruptly out of the yen last May, was said by market observers yesterday to have placed an "unlimited order" for government bonds.

Meanwhile, Soviet foreign trade banks have been buying yen heavily in overseas markets such as London and Singapore. A final major order for spot yen (reportedly worth $100m) came yesterday afternoon from a Hong Kong shipowner, who presumably has to honour yen-*denominated purchase contracts* for Japanese ships.

In spite of the fact that most indicators now seem to favour the yen strongly, most observers seem to expect the rate to fluctuate around the Y220 to the dollar level for a few days. After that, further appreciation within the Y215-220 range is seen as probable.

The yen's rapid upward progress does not yet appear to have *affected thinking within* the Japanese Government on interest rate policy or other issues. The Bank of Japan said yesterday that speculation on an early reduction of discount rate was "premature."

# Israel may abandon plans for a home-built bomber

BY DAVID LENNON IN TEL AVIV

ISRAEL'S PLAN to produce a multi-purpose fighter bomber to go into service by the end of the decade may be abandoned because of the cost and the need to hold down the country's defence spending.

Mr Ariel Sharon, the Defence Minister, has ordered the management of the Israel Aircraft Industries (IAI), to cease all activities on the Lavie (Lion) warplane project and not to sign any contract connected with it.

Defence Ministry officials said yesterday that the pace of investment in the project was being reassessed, but that no decisions had been taken to cancel it.

Defence Ministry officials said last night that prolonging the development and production period was being considered so that the aircraft would go into service in the early 1990s and not by 1988, as projected.

The management of IAI suspects that this is the first step to shelving, and probably scrapping, the project. Most Western military observers believe that the project is too costly for a country of Israel's size.

### Haddad relaxes ban

**Major Saad Haddad, the commander of the Israeli-backed Christian militias, was reported to have allowed *supplies and water to be* delivered to the headquarters of the United Nations peace-keeping force at Naqoura, our Beirut Correspondent reports. One of his patrols has established a position inside the UN zone. He emphasised that he will keep up restrictions, however.**

Israel has an option until the end of this month on the Pratt and Whitney PW-1120 engine to power the Lavie, which was planned to replace the Israeli Air Force's U.S.-built Skyhawks and *locally-built Kfir aircraft*.

The IAI, which manufactures the Kfir, is one of the largest companies in Israel, with a staff of about 20,000. The management fears that ending the Lavie project could lead to the dismissal of thousands of engineers and other workers.

After years of hesitation about whether to build an original jet or enter into co-production of a U.S. aircraft, the Government gave the go-ahead early last year for an Israeli-designed aircraft.

Initial development costs were estimated at $900m (£473m), not including tooling-up for local production of the Pratt and Whitney engine. The Israeli Government only apportioned $700m of this. The company then consulted U.S. aerospace companies about co-production.

Discussions were held with Northrop, McDonnell Douglas and General Dynamics, which all showed interest in a project expected to guarantee sales of 450 planes to the Israeli Air Force. A final decision was expected to be taken within a matter of months.

But last month, Israel's state comptroller, in a report on the IAI, questioned the company's ability to meet projected deadlines for the Lavie and asked whether the country's foreign reserves might not be put to a better use. The comptroller pointed out that buying similar aircraft abroad would be cheaper. It is possible that this encouraged the Defence Minister to re-assess the project.

Mr Wallace Rowling . . . launches attack

# NZ election enlivened by secret reports

By Dai Hayward in Wellington

NEW ZEALAND'S dull election campaign suddenly livened up yesterday when the Prime Minister, Mr Robert Muldoon, admitted that secret Government reports cast doubts on several aspects of the Government's development policy. Mr Muldoon had earlier denied the existence of the reports.

The Government has put great emphasis on its development strategy, which involves several multi-million dollar energy-related projects.

It has made the strategy the focus of its *election campaign, claiming the giant*, but costly, projects will help solve the unemployment problem and make New Zealand largely independent for its energy needs.

Three of the projects—a new aluminium plant, a new steel works, and a synthetic petrol plant, to be built by Mobil—were due to start next year. The Labour Party has criticised the cost of the projects, saying they would create few jobs and provide a low return on the capital invested. Labour has also claimed that the projects would impose an unbearable strain on the country's manpower and financial resources.

A few days ago, the leader of the Labour Party, Mr Wallace Rowling, claimed that secret departmental *reports to the Cabinet echoed* several of these criticisms. The reports, it was claimed, warned the Government against going ahead with all three projects simultaneously. Mr Muldoon denied this.

On Wednesday afternoon, a television channel learned some of the details from reports prepared by senior civil servants, which appear to bear out Mr Rowling's allegations.

In an interview, the Prime Minister conceded that the reports did exist, but said the questions asked and the doubts raised had been answered by later investigation.

Half an hour before the news item was to be broadcast on Wednesday night, it was stopped on the orders of *the head of television news*. Mr Rowling immediately made a public issue of this, demanding to know "who in TV is playing at God." He also demanded that the Prime Minister release the reports.

Mr Muldoon has refused to do this, claiming that Treasury reports are always prepared on the basis that the contents will not become public.

Mr Rowling said last night that Mr Muldoon's credibility had been shattered. It was something of a reversal of the usual roles for the two leaders, with Mr Rowling *taking an aggressive* point-scoring stand while the Prime Minister was on the defensive.

The television item, finally screened last night, quoted figures showing the return to New Zealand on capital investment would be only between 5 and 10 per cent.

The reports raised doubts that have been expressed privately by businessmen for some weeks. But the Government pushed ahead.

The Government's strategy suffered a big blow a few weeks ago, when the Swiss partner pulled out of the aluminium project.

# Reagan increases pressure for spending cuts

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Ronald Reagan yesterday intensified the psychological pressure for Congress to make last-minute cuts in the stop-gap spending Bill which it must pass by midnight on Friday to prevent the U.S. Government *running out of* money.

Mr Reagan has threatened to veto any spending resolution which is substantially larger than his 1981-82 budget plan. Yesterday the White House confirmed that the version passed by the House of Representatives so far is $8.5bn more than the Administration's target.

With an imminent veto hanging over Capitol Hill, Republican leaders in the Senate were yesterday trying to find a spending cut large enough to please Mr Reagan and small enough for a compromise with the Democratically-controlled House.

With deliberate publicity, Mr Reagan called a Cabinet meeting yesterday to make contingency plans for shutting down non-vital Government *operations, if necessary, after* today.

In the absence of a regular *1981-82 budget* approved by Congress, the Government has been kept going since October 1, the start of the fiscal year, on a "continuing resolution." But this runs out today. One *point at issue* is how long a second continuing resolution should last.

No one actually believes that if Congress misses today's deadline or Mr Reagan carries out *his veto threat*, the Government will grind to a halt.

Most Congressmen do not want to make extra budget spending cuts, or indeed to raise any taxes, while the country's economy is headed for recession. The latest forecast by the Administration is that national output will shrink by as much as 5 per cent at an annual rate in the last three months of this year.

But the previous assumption that this would continue a decline in the third quarter was yesterday upset by the Commerce Department's revision of its Gross National Product estimate. This showed that real GNP grew during July-September at a 0.6 per cent rate, instead of a 0.6 p[...] drop as first reported [...] Department.

President Reagan . . . Veto threat

# Syria holds key to future of Saudi peace proposals

BY IHSAN HIJAZI IN BEIRUT

INTENSIVE contacts between Syria and Saudi Arabia could determine whether the eight-point plan proposed by Crown Prince Fahd for a Middle East settlement will be brought before the Arab summit conference in Fez next week.

Prince Saud al Faisal, the Saudi Foreign Minister, has had two days of talks in Damascus with President Hafez Assad and Foreign Minister Abdel Halim Khaddam, following Mr Khaddam's visit to Riyadh last Sunday.

According to the Lebanese daily newspaper As Safir, Mr Khaddam had tried to persuade the Saudi Crown Prince not to present his proposals to Arab Heads of State and risk an inter-Arab split, but instead to try to sell it to the United States with the aim of eventually presenting it to the United Nations.

The visit to Syria by the Saudi Foreign Minister apparently was intended to prevail on leaders there to give the Fahd plan a chance at the Arab conference.

The discussions have been inconclusive and are to be continued, it was reported. Whatever their outcome, they have had a positive effect. Syria has avoided outright rejection of the proposals and may have been influential in restraining its allies.

*Officials from the Front's* member-states ended an emergency meeting in Aden on Wednesday. In a statement strongly attacking what was described as American designs in the Middle East, they made no mention of the Saudi plan. The meeting had been called by Libya.

# Arafat meets Sarkis for 'brotherly' talks

By Our Beirut Correspondent

THE FIRST meeting in two years between President Elias Sarkis of Lebanon and Mr Yassir Arafat, the Palestinian guerrilla leader, was held on Wednesday night, with positive results, described as "conducive to better Palestinian-Lebanese relations."

The two-hour conference was held at Mr Sarkis's home at the mountain resort of Shibbaniyeh and attended by Mr Chafik Al Wazzan, the Lebanese Prime Minister, and Mr Abu Iyad, Mr Arafat's second-in-command. Mr Arafat said the talks were "constructive and brotherly."

The talks' objective, according to Arab diplomats, was to ensure Palestinian-Lebanese co-ordination and avert disagreement at the forthcoming Arab summit.

BLACK AFRICA CONFERENCE

# Regret of an unexpected guest

BY MICHAEL HOLMAN

A SENIOR South African diplomat sat impassive yesterday as Malawi, the republic's sole diplomatic link with Black Africa, pledged support for the Southern African Development Co-ordination Conference (SADCC) which aims to reduce trade and transport links with Pretoria.

Dr Sandy Shaw, charge d'affaires at the South African embassy in the capital, Lilongwe, was an incongruous guest at the opening of the two-day conference, which is being attended by over 30 Governments and aid institutions, as well as Ministers from the nine member States—Angola, Lesotho, Mozambique, Swaziland, Tanzania, Zambia, Botswana and Zimbabwe.

Dr Shaw said after the opening that the SADCC aim of "self sufficiency" was "a healthy development, but we regret that the region is being artificially divided, as we have a lot to offer each other." Most delegates were unaware of Dr Shaw's presence, along with diplomats from Israel and Taiwan, rarely seen at African diplomatic functions.

Dr Shaw heard the conference chairman, Mr Peter Mmusi, Botswana's Minister of Finance, accuse South Africa of seeking "to drive a wedge of dependence through central Africa by sabotage and armed invasion, cutting our routes to the Indian and Atlantic Oceans, thus reinforcing our dependence on South Africa, and undermining our economic growth."

On the eve of the conference the SADCC Council of Ministers condemned South Africa's "economic destabilisation" against member States, citing the sabotage of the Pungwe rail and road bridge between the Mozambique port of Beira and the Zimbabwe town of Umtali as the most recent example.

# Ugandan debts rescheduled

PARIS—The Paris Club of Creditor Governments yesterday rescheduled Ugandan official debt payments and arrears of some $13m due before June 1982, Mr E. Kamuntu, the Ugandan delegation leader, said.

Creditors at the meeting, which followed agreement last June on an International Monetary Fund standby credit to Uganda of SDR 112.5m were West Germany, the U.S., Britain, France, Italy and Japan.

Mr Kamuntu, financial affairs assistant to President Milton Obote, told reporters his country's total foreign debt, including commercial debt, currently stands at $850m.

Reuter

# Violent disruption returns to Indian oilfield state

BY K. K. SHARMA IN NEW DELHI

Discontent in the troubled and *important oil-producing* state of Assam in the north-east threatens once again to damage the Indian economy. Violence erupted again yesterday when police fired on a mob and killed at least two people.

A students' call for a 36-hour general strike was partly successful yesterday when large numbers of banks, shops and some Government offices remained closed despite the Government's ban on strikes in "essential services." Work on the oilfields and refineries in Assam was said to have been unaffected but there were some attempts at sabotage.

The call for the strike signifies the resumption of the *students' agitation, which* crippled Assam for nearly a year from late 1979. Nearly 3m tonnes of crude had to be imported, at a cost of over $900m.

Since the suspension of the agitation about a year ago, student leaders and Indian Government officials have met eight times without finding a solution to the "foreigners" issue.

The students want all "foreigners" (mainly illegal migrants from Bangladesh and settlers from the Indian states of West Bengal) expelled from Assam on the ground that they are taking jobs and threatening Assam's cultural identity.

# FBI finds no evidence of crime in Allen payment

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE JUSTICE Department has concluded there is no need to appoint a special prosecutor to investigate the $1,000 payment received by Mr Richard Allen, President Ronald Reagan's National Security Adviser, from *a Japanese magazine*, Government officials said yesterday.

The conclusion was reached after the Federal Bureau of Investigation said it could find no evidence that Mr Allen had *committed a crime* in receiving the money, intended as a "thank you" fee for an interview with Mrs Nancy Reagan, the President's wife.

The final decision on whether to proceed further with the investigation now rests with Mr William French Smith, the Attorney-General.

But even if the investigation is closed, Mr Allen's troubles are unlikely to be over, particularly as his handling of his job *so far* has attracted less than total acclaim.

The issue has been further complicated by a series of confusing and conflicting explanations from the White House of the facts of the case, and the status of the various investigations that have been conducted since the cash was found, apparently forgotten, in a safe in one of Mr Allen's former offices in mid-September.

# Constitution concession unlikely to satisfy Quebec

BY VICTOR MACKIE IN OTTAWA

THE COMPROMISE plan for reforming the Canadian constitution agreed between Mr Pierre Trudeau, the Prime Minister, and nine of the 10 Canadian provinces has been tabled for final debate in the House of Commons in Ottawa.

A last-minute sweetener has been thrown in for Quebec, the only province standing out against the plan. It allows the Quebec National Assembly to "opt" out of that part of the proposal guaranteeing the right to primary education in either English or French to Canadians' children.

Quebec's own language law, passed in the interests of maintaining French as the language of the majority there, guarantees that right only to those born in the provinces, but not to immigrants

The language concession is unlikely to mollify Mr Rene Levesque, Premier of Quebec, who has other fundamental objections to the deal accepted on November 5 by the other provincial leaders.

# Argentina moves to calm currency speculation

BY JIMMY BURNS

A NUMBER of bureaux de change have been closed in Argentina as the government seeks to dampen speculation against the peso. The rush to sell pesos has cut nearly 30 per cent from the value of the currency against the U.S. dollar since the beginning of the month.

The Central Bank has stopped short of imposing full-scale exchange controls, but its inspectors have been visiting money changers and conducting lengthy administrative checks

On Tuesday afternoon, when the bank's initiative is said to have got under way, the financial peso, used in tourism and business transactions, appears to have stabilised, closing at around 11,300 against the dollar.

The gap between the financial peso and the commercial peso, used for most international trade transactions, remains considerable. The commercial rate is currently quoted at 6,548 against the dollar.

# Torture 'continues in Chile'

BY HUGH O'SHAUGHNESSY

THERE HAS been no improvement in the observance of human rights in Chile where the Government continues to murder dissidents and use torture as a matter of course, a United Nations report claimed yesterday.

The report was presented to the UN by M Abdoulaye Dieye, Special Rapporteur for Chile of the UN Human Rights Commission.

The international community should continue to press for a full restoration of human rights in Chile, he said.

In London, the Foreign and Commonwealth Office said Britain would not abandon its efforts to clarify the case of Mr *William Beausire*.

Mr Beausire was arrested by the Argentine authorities at Ezeiza airport in Buenos Aires in 1974 and flown to Chile, where he is reported to have died *under torture*.

# U.S. mov[...] may help companie[...]

By David Lascelles in Ne[...]

FOREIGN COMPANIES [...] as American ones may [...] from the Reagan Adr[...] tion's drive to cut red [...]

The Securities and E[...] Commission, which has l[...] a drive to simplify its re[...] requirements, is con[...] several proposals that [...] reduce paperwork for [...] companies who sell secu[...] the U.S.

One would allow su[...] panies to include info[...] from regular filings ([...] annual reports) in reg[...] documents for securitie[...]

At the moment, each [...] tion document has to [...] ally prepared. Anothe[...] allow corporations to [...] information that is ol[...] 135 days, the usual dea[...]

A third would chang[...] the present policy of [...] foreign companies to [...] their financial stateme[...] dollars so that U.S. [...] can understand them b[...]

# Seaga accus[...] Cuba over training sch[...]

KINGSTON — Mr [...] Seaga, Prime Minis[...] Jamaica, has accused th[...] Government of trying [...] Jamaican students in rev[...] ary tactics and weapor[...] they were supposed to [...] ing construction there.

The construction [...] programme was set u[...] Mr Michael Manley, the [...] Jamaican Premier, w[...] close relations with C[...] Seaga shut it down ear[...] year, and told Parliam[...] terday that the inte[...] gathering arm of the J[...] police had "uncover[...] covert aspects of th[...] gramme."

*He did not link the c*[...] tion students—called [...] distas"—to specific acts [...] lence after they retu[...] Jamaica.

# £100m clain[...] against Iran

WASHINGTON—The [...] filed a claim against I[...] at least $180m (£100m) [...] half of some 3,000 U.S. [...] and companies who [...] losses through the Irani[...] lution, the State Departr[...] said.

The claim was filed [...] special arbitration tri[...] The Hague.

The action involves al[...] claims of less than [...]

Reuter

Legal row looms over some U.S. states' efforts to extend their tax reach, writes **David Lascelles**

# Californian tax regulations cause corporate discord

A LEGAL, and possibly even a political battle is looming over attempts by some U.S. states to extend their company tax reach not just beyond their borders but into foreign countries as well.

California has caused the most offence, although several other states are also involved. The leading litigants are Thorn-EMI of the UK and Alcan—the large Canadian aluminium company—who are *fighting* to have California's taxing powers limited to business done in the state. The outcome is clearly of burning interest to dozens, possibly hundreds of foreign corpora*tions who do business in the* U.S.

At the heart of the matter is California's controversial method of "unitary taxation," which has already stirred the wrath of U.S. corporations who have tried—unsuccessfully—to get it declared unconstitutional.

Under this method, California takes the world-wide operating income of multinationals and taxes a proportion of it based on that company's property, payroll and sales in California, irrespective of how much taxable income is actually generated there, or of whether a company has a Californian subsidiary.

In an extreme case, therefore, a company which trades at a loss in California might end up paying a large corporate tax bill there based on its profits in *other parts of the world*.

Not surprisingly, this has alarmed and angered foreign corporations, some of whom are now taking up the cudgels.

EMI, the UK electronics and entertainment company which was recently taken over by Thorn, has done business for a long time in California through its Los Angeles-based subsidiary, Capitol Industries, which owns the Capitol record label. This company is, naturally, subject to Californian tax. But California has also claimed the right to tax Thorn-EMI, even though the parent company does no direct business in the state.

The California Franchise Tax board, which administers the state's tax law, ruled that Thorn-EMI must pay tax on that part of its world-wide business which is "unitary" to Capitol, in other words music. Capitol has said it cannot disentangle Thorn-EMI's music business from its non-music business without violating the UK Official Secrets Act because of the light this might shed on Thorn-EMI's sizeable defence-related business. The board rejected this argument, but EMI's lawyers are pleased because they say the board made a tactical mistake by suggesting it knew how to interpret a foreign law.

Thorn-EMI has filed a suit against the board seeking to get the unitary tax declared un*constitutional*. Procedural questions to do with jurisdiction are now being fought out, so the issues themselves may not be addressed for some time.

A verdict may come sooner in the case involving Alcan, which California has tried to tax, even though—unlike Thorn-EMI—it has no subsidiary in the state. Alcan does, however, do business there through a U.S. subsidiary, Alcancorp based in Ohio.

Alcan has also sued California, charging it was trying to "inflate greatly" its tax assessment by attributing to Alcancorp a portion of the parent company's worldwide income. Alcan claims that this violates the foreign commerce clause of the U.S. constitution, which gives the Federal Government exclusive authority over foreign trade.

California responded by asking the court to dismiss the case, setting off a kind of to-ing and fro-ing by lawyers, which could last until January.

Whatever the merits of each case, though, the legal rumpus has brought California a lot of unwelcome publicity. Businessmen say this could dissuade foreign companies from opening up subsidiaries there, or even doing business within its borders at all.

When Midland Bank of the UK recently bought control of Crocker National Bank of San Francisco, it expressed concern about the unitary tax problem and vowed to fight *any* attempt by the franchise tax board to apply it to Crocker's earnings. Other states with similar laws include neighbouring Oregon, Alaska (for oil companies), Illinois and—to a lesser extent—Nebraska and Colorado.

The affair is potentially embarrassing to the Reagan Administration, which is worried about the impact all this could have on U.S. foreign trade relations. Bills have been advanced in both Congress and the Californian state legislature to curb the use of unitary taxation methods.

However, Washington may end up playing a wait-and-see game. Given that big legal questions are at stake, it may prefer to allow the judical mechanism to run its course, and leave the Supreme Court to decide the matter. A point that must weigh heavily in the White House's thinking is that states have lost a lot of revenue through the cuts in federal subsidies made by President Reagan and are therefore bou[...] resent any pressure from [...]ington to drop a lu[...] revenue source.

But states like Cal[...] stand to lose heavily [...] Thorn-EMI and Alcan [...] against them. Other [...] companies which [...] similarly taxed are [...] for refunds [...] severely strain [...]

# panese Minister rns of rld trade war

— Mr Toshio Japanese Cabinet said yesterday that fast-growing current surplus was pushing towards a trade war. g growing official ver Japan's foreign putes, Mr Komoto, neral of the Economing Agency (EPA), erseas discontent is igh that we are almost ge of a trade war."

moto told business at discontent in the Western Europe "has ing a protectionist which might deal a w to the world

d Japan's current is likely to swing into $13bn (£6.8bn) sure financial year end-March unless the nt took swift and neasures to curb the

moto was speaking efore the arrival of ald Regan, U.S. Secretary, for a two- in which he is ex- discuss the trade issue ith Mr Zenko Suzuki, Minister and other

an's visit starts three r the U.S. submitter proposals for opening anese market to more ods.

sday, a day after deli- ie proposals for abol- nport tariffs on 29 h as computers and a special Japanese uncil failed to agree neasures to resolve the reign trade disputes.

e industrial leaders ned the U.S. and Europe in seeking quick government action over the trade surplus, which the Finance Ministry believes could reach a record $23bn in this financial year.

The Keidanren, the Japanese employers' federation, said yesterday it would formally warn the government by the end of this month that pressure in Western nations for trade protection would intensify unless Japan worked out effective measures.

Reuter

Mr Zenko Suzuki (above) who is due to hold talks on trade with Mr Donald Regan (below)

# pe dims for a speedy iclusion to MFA talks

R BRUSSELS CORRESPONDENT

OSPECT of a speedy to the Geneva talks ewal of the Multifibre ent (MFA) world tex- ading pact receded with the confirmation iropean Commission that a full negotiating has still not been between EEC govern-

limits of the EEC established by the ity's Trade Ministers this week are to be to participants in the negotiation when they e in Geneva this

European Commission n will explain that it is now empowered t the broad principles EEC wishes to be to the 1982-86 MFA cted term of a renewed it still lacks the key or global ceilings on exporting countries at are an essential to pact.

are scheduled to be the EEC Council of when the Trade meet again in on December 8, only before the expiry of t date that the MFA s are understood to ig themselves for a a of the new pact.

ient between EEC nts on the level of ilings that should be o the 28 developing concerned in the MFA ed to be at least as is the discussions that eventually yielded the present broad mandate.

The ceilings will help to determine the growth rates that the low-cost textiles exporters are to be offered by the EEC, and appears certain to lead to further wrangling between those member states that wish to impose a protectionist MFA, notably France, Britain and Italy, and those more liberal ones that are lined up behind West Germany.

Rapid settlement of the overall ceilings question is made harder still by the fact that the EEC ministers must also tackle the matter of the textiles pacts it has with the Mediterranean countries that have preferential trade agreements with the EEC.

Most of those pacts expire at the end of this year, and the shape of the renewed agreements will have a direct bearing on the options the Community will make to the MFA partners.

Brij Khindaria in Geneva adds: Failure to conclude a renewed MFA before the end of this year could increase tension among importing and exporting countries and result in a "polarisation of attitudes at a higher political tone."

Giving that warning, Mr Peter Murphy, the chief U.S. negotiator on textiles, said yesterday that exporters had so far made "a very significant effort to keep the tone as moderate as possible."

A new MFA could be concluded in coming weeks if countries were "willing to take difficult decisions."

# bout 1,500 expected at C congress in Manila

ANK GRAY

1,500 business officials er in Manila on Sun- the week-long world congress of the ional Chamber of Com-

ieme of this year's con- is "Growth and Entre- ship — Opportunities allenges in a Changing

bjective of the congress, held every three years, us the attention of the ional business com- on the growth poten- investment opportun- ithin the five-nation egion of the Philippines, ia, Malaysia, Singapore iland.

vill be emphasised at a on on regional economic ion by Prof John Wong, nomics professor at re's National Univer- is paper points out that ective growth rates of economies averaged 6 er cent a year in the nd are expected to be gher in the first half decade.

he conference also will n a number of other revolving around the f private enterprise and market economy, the one of the Paris-based

subjects to be dis- in the convention's sessions include: shift- erns of world trade and competition; the impact of government expansion on business; and spreading the benefits of growth.

Some meetings will hear discussions on the liberalisation of insurance services, the impact of airline deregulation and the need to increase co-operation between various chambers of commerce.

This last point is a delicate one, for the ICC congress is taking place against a backdrop of some strife among two local business associations.

The official host organisation is the Philippines International Business Council, but its rival, the Philippines Chamber of Commerce and Industry also considers itself the umbrella organisation for business in the Philippines.

The Philippines Chamber is not boycotting the conference as was feared.

Opening addresses to the delegates will be given by President Ferdinand Marcos, and Mrs Imelda Marcos, his wife.

Other speakers include Sir Arthur Lewis of Jamaica, a Nobel laureate in economics; Mr Reubin Askew, the former U.S. special trade representative; Sir Peter Macadam of the UK, chairman of BAT Industries; Mr Knut Hagrup of Norway, former president of Scandinavian Airlines System, and Mr B. Borisov of the Soviet Union, president of the Soviet Chamber of Commerce.

# Romania faces EEC dumping action

*By Giles Merritt in Brussels*

**EEC anti-dumping proceedings have been launched against Romania by the European Commission following complaints that Romanian industry has been selling steel piping inside the Community at prices considerably below the cost of steel.**

**Romania is alleged to have been setting the prices of small diameter steel piping so low that it has operated a dumping margin of 30 per cent, and by doing so has captured a major share of the West German market for soldered pipelines used as gas conduits.**

**West Germany has been the chief victim of the low cost Romanian exports, according to the complaint lodged with the Brussels authorities by the liaison committee of the EEC steel tubemaking industry.**

**For the first five months of this year Romania seized 10.3 per cent of the market thanks to prices that were allegedly 20-26 per cent lower than those of German suppliers.**

**Paul Cheeseright,** World Trade Editor, looks at Britain's increasingly aggressive policies

# UK steps up aid for capital projects abroad

THE UK Government is becoming increasingly aggressive in its use of aid to help British companies win capital project contracts abroad. But its policy internationally is to work for the phasing out of mixed credits—the blend of commercial credits with aid to reduce the net cost to the borrower.

The use of aid is additional to the subsidies already paid on financing the difference between the market cost of export credits and the interest rate charged to borrowers. Such subsidies are estimated to have been nearly £500m in the year to last March.

Gross expenditure on aid this financial year will top £1bn, according to Mr Neil Marten, the Minister for Overseas Development. Of this figure, over 70 per cent will be spent directly in developing countries, and much of that is tied to the purchase of British goods and services.

But within the Overseas Development Authority budget there is an Aid Trade Provision, which, in its first year of operation (1978-79), was allocated 5 per cent of the aid budget. Since then the proportion has risen to 8 per cent.

The Aid Trade Provision is designed to provide a topping-up source of funds when British companies are in competition with foreign groups offering aid as part of their financial package. Spending from this source has steadily increased.

In 1978-79, the allocations were £25m of which £12m were disbursed. In 1979-80, the comparable figures were £35m and £30m. In the last financial year £41m was allocated and £29m spent, while in the current year to March so far £53m has been allocated.

But these figures do not include some of the latest commitments like the £50m for the Greater Cairo Wastewater Project or the offer of £13.5m for Morocco, the £34.9m for Mexico or the £150m for India, all of which are associated with Davy Corporation steel plant projects.

Since 1978-79, 123 offers of funds under the Aid Trade Provision have been made and 33 have been accepted. But these 33 have helped to win contracts worth £760m, emphasising that the use of aid in this context is not necessarily the major factor in the winning of a contract, but rather an extra inducement for the buyer.

> The Aid Trade Provision is designed to provide a topping-up source of funds when British companies are in competition with foreign groups offering aid as part of their financial package.

Companies winning contracts where this inducement has played a part include Balfour Beatty, BRE-Metro, British Shipbuilders, British Steel, John Brown, Davy, Ferranti, GEC, Hawker Siddeley, Leyland Vehicles, NEI, Plessey, Rolls-Royce, Shorts and STC.

But since the beginning of this year, the Government has widened the scope of aid use in the commercial interest.

In the first place it set aside £2m for 1981-82 and £4m for 1982-83 to fund soft credit terms, again to match the position of competitors. Finance would be available to bring down the interest charged to borrowers of commercial credits. The amount of business affected could total £300m.

Secondly, the Government broke new ground when it agreed to set up for Malaysia a line of credit for £77m, made up of £20m aid and £57m of commercial credits. None of the aid money has so far been drawn.

In both these cases, the steps have been taken to achieve a greater flexibility in the mobilisation of support for British companies bidding for contracts.

But the greater flexibility also springs from the conscious attempt to unify the official support services available to industry. The most notable example of this was the establishment last year of the Projects and Economic Planning Division within the Department of Trade.

This Division, which brought together sections from the Departments of Trade and Industry and the British Overseas Trade Board, acts as a single point of contact for companies seeking support.

This sort of policy, which is not exclusive to the UK, has aroused sharp criticism within the Consensus, especially from the U.S., on the grounds that the continued use of subsidies is a distortion of trade.

The Government's attitude is basically that it will stop using mixed credits when competitors do.

**MAJOR RECIPIENTS OF FUNDS FROM THE AID TRADE PROVISION**

| Country | Projects | £m |
|---|---|---|
| Belize | 1 | 10 |
| Egypt | 3 | 14.5 |
| Jordan | 1 | 10 |
| Kenya | 1 | 1 |
| Malaysia | 2 | 9 |
| Pakistan | 1 | 9.5 |
| Philippines | 3 | 6.5 |
| Tanzania | 4 | 4 |
| Vietnam | 2 | 7 |

# Private phones will need British Telecom plug

BY GUY DE JONQUIERES

ALL extension telephones sold on the newly-competitive telecomunications equipment market will be fitted with a new type of plug and socket connection designed by British Telecom, the organisation said yesterday.

The connection system will be standard for officially approved receivers sold both by British Telecom and by competing outlets. The organisation plans to extend it progressively to all 28m telephones already attached to its network.

British Telecom, which will carry out the rewiring, said that it would convert each subscriber's main telephone to the new connection free of charge. But it would charge a £25 fee and a 15p quarterly rental for rewiring the next socket and £10 for each one after that. For new customers the charge for an extension would be £12.

The Telecommunications Act, which came into force at the beginning of last month, authorised British Telecom to retain a monopoly over the first telephone in every installation after the market is liberalised.

But it will compete with private retailers to sell extension receivers. It said that private suppliers would have equal access to the new plugs, which are being made for British Telecom by five manufacturers.

The organisation said that the connection system would allow users more mobility. It was technically superior to other plug and socket systems in use in both the U.S. and the rest of the EEC, though it was not technically compatible with the American connection.

British Telecom is planning to sell its telephones through a chain of retail outlets which it is opening across the country. Four of the outlets, known as Phoneshops, have already been opened and two more are planned to open before Christmas. Within 18 months there should be 70-100 Phoneshops.

# Building creditors may receive £7m

BY MICHAEL CASSELL

THE 3,500 creditors of Northern Developments (Holdings), the Blackburn-based house-building group which went into receivership in 1975, are expected to be paid in full under a scheme of arrangement now being finalised. Between £7m and £8m could be paid back.

A statement last night from Mr Rupert Nicholson and Mr Jim Butler, joint receivers of Northern Developments (Holdings), said that arrangements were now nearly complete for a submission to creditors under Section 206 of the Companies Act 1948. If approved by creditors and shareholders, the scheme will need to be approved by the courts.

The receivers said the scheme was designed to provide for payment in full to all creditors, although some had agreed to restrict and defer claims for interest on the sums outstanding.

It is expected that the details of the scheme will be posted to creditors and shareholders within the next four weeks, although repayments are likely to take up to four years to complete.

Peat, Marwick was called into the housebuilding group after a collective decision by 18 bankers to the company, although it was Williams and Glyn's Bank—as debenture holders to the parent company—which appointed Mr Nicholson and Mr Butler.

The decision was strongly criticised by Mr Derek Barnes, Northern Development (Holdings) chairman, who claimed that the banks were unjustified in calling in receivers. Williams and Glyn's and Mr Barnes later became involved in counter-litigation, which was only resolved a few weeks ago.

Yesterday's statement said that Mr Barnes, who is the majority shareholder of Northern Developments (Holdings), is fully supporting the proposed scheme and will vote in its favour.

Peat, Marwick told shareholders in 1976 that they would be unwise at that stage to place any material value on their holdings but the receivers have since continued to operate the company in order to realise the full potential of its assets. The intervening increase in land prices is thought to have been a major factor in making possible the prospect of repayments to creditors.

About 18 months ago Peat, Marwick disposed of all houses in the construction pipeline and, since then, no building activity has taken place. The company has not recorded any profits and is no longer trading.

# Cost of house rebuilding increases by 3.8%

BY ERIC SHORT

HOUSE REBUILDING costs have risen by 3.8 per cent over the past 12 months to the end of September, according to the latest value of the House Rebuilding Cost Index, published by the British Insurance Association.

This stood at 149.3 at the end of September against 143.8 on September 30 1980, and 148.8 on June 30 1981.

The index is calculated for the BIA by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. It was started in July 1978 at a base value of 100, and is calculated quarterly at the end of March, June, September and December.

The index is based on the overall average cost of rebuilding a house, including the cost of demolishing and clearing away the existing structure. The average is taken over 156 separate rebuilding costs, according to type and size of property, its age and its location. The BCIS has calculated the cost per sq ft and these costs are updated once a year.

*A Guide to Buildings Insurance for the Home Owner, free from Leaflets (H), British Insurance Association, Aldermary House, Queen Street, London, EC4N 1TU.*

# Construction orders up

BY ANDREW TAYLOR

CONSTRUCTION ORDERS rose by 5 per cent in the first nine months of 1981 and by 11 per cent in the third quarter, compared with a very depressed period a year ago.

But industry chiefs last night disputed claims earlier this week by the Prime Minister that the rise in new orders was a further sign that the worst of the recession was over and that economic recovery might be under way.

The Federation of Civil Engineering Contractors said it had expressed its concern about the reliability of the Government's new order figures and the way in which these were gathered.

"Certainly our members are expecting a very lean fourth quarter and can see no sign yet of any recovery."

# Commodes fetch £88,000

ENGLISH WORKS of art were much in demand in the London salerooms yesterday. At Christie's a pair of George III marquetry commodes sold for £88,000 to the London dealer Asprey. In 1931 they made 1,500 guineas at auction.

Ten George I walnut dining chairs realised £66,000 and a pair of George III harewood and marquetry commodes went for £55,000. A pair of Queen Anne gilt gesso mirrors were bought by R. A. Lee for £52,500 and a Charles II oak bookcase for £50,600.

The prices confirmed the strong demand for top quality English furniture apparent in London and New York this year.

Sotheby's achieved a remarkable record auction price of £9,200 for a spoon in an English silver sale.

The silver Edward IV slip top spoon, made about 1465, was bought by Shrubsole, the London dealer. A set of four George III table candlesticks by John Carter sold for £8,800 and Koopman paid £8,500 for a George II silver gilt cup and cover.

Also at Sotheby's a rare print by Stubbs of a hunting scene, unearthed in Wales, sold for £9,500. Turner's watercolour The pass of Stelvio was bought for £32,000.

In New York on Wednesday there were 13 auction records in a sale of contemporary art which totalled £1.32m.

## SALEROOM

BY ANTONY THORNCROFT

# Economic growth 'may falter again next year'

By David Marsh

**The Government's hopes of a sustained recovery from recession received a setback yesterday from official figures indicating that economic growth will falter again in mid-1982.**

**The longer leading index of cyclical indicators, which looks ahead to turning points in the economy in about 12 months fell sharply in October and has now been declining continuously since May, according to the Central Statistical Office (CSO).**

**Other cyclical indicators confirm ministerial claims that the low point of the recession was clearly passed several months ago. But further indication of only a weak recovery came yesterday from separate statistics showing that industry continued to run down stocks, although at a sharply reduced rate, during the July - September quarter.**

| INDUSTRY'S STOCKS CHANGES (£m) 1975 prices, seasonally adjusted | Total | Manufacturing |
|---|---|---|
| 1978 | + 641 | + 328 |
| 1979 | + 742 | + 211 |
| 1980 | −1,881 | −1,252 |
| 1981 q1 | − 407 | − 522 |
| q2 | − 555 | − 378 |
| q3 | − 171 | − 160 |

**Capital investment by industry also remained at a low level during the quarter. The volume of spending by manufacturing companies fell 5 per cent compared with the second quarter, although it rose 3 per cent in the distributive and services sector.**

**Total investment during the first nine months of 1981 fell 4.5 per cent compared with the same period last year. This was made up of an 18.5 per cent fall in manufacturing, but a 4.5 per cent rise in other sectors.**

**The cyclical indicators are viewed by Whitehall as only a rough pointer to future trends. But the CSO states that, unless further data change the pattern, the decline in the longer leading index suggests "some hesitation in economic growth in mid-1982."**

**The October fall was caused principally by increases in interest rates and lower share prices last month, as well as a drop in business optimism registered by the CBI quarterly survey.**

**In line with other recent evidence that the economy has been picking up since the worst months of the downturn in the spring, the CSO's index of coincident indicators, which is broadly in line with the economic cycle, rose again in October. This index has risen steadily since the trough of the cycle in April and May.**

**Last month's rise was due mainly to increases in industry's capacity utilisation and raw material stocks, as well as a slight rise in manufacturing output and retail sales.**

**A slackening of de-stocking in the third quarter was reflected in figures from the Department of Industry. These showed that industry ran down stocks by a provisional total of £171m, seasonally adjusted and at constant 1975 prices, during July-September.**

**This was less than one-third of the £555m stocks rundown during the second quarter, but still represented the seventh successive quarter of de-stocking. The fall in stocks during the first nine months of 1981 came to £1.1bn against £19bn during the whole of 1980.**

**De-stocking by manufacturing industry, at £160m—spread across materials and fuel, work in progress and finished good—accounted for most of the fall.**

**Figures for capital investment, also provisional, showing that the manufacturing sector—which now accounts for less than one third of all industry investment—spent £726m during the third quarter, down from £761m during the previous three months. The figures are also adjusted seasonally and at 1975 prices.**

# U.S. to join nuclear design team

BY RAY DAFTER, ENERGY EDITOR

A JOINT UK-U.S. design team has been set up to work on plans for Britain's first pressurised water reactor (PWR) nuclear-power station, Sizewell B in Suffolk.

The Central Electricity Generating Board said yesterday the same team would also be responsible for construction of the power station, assuming that the necessary planning consents and safety clearances were obtained.

The team, set up to smooth the development of the project, will include staff from the CEGB, National Nuclear Corporation — the British nuclear reactor design and construction company — and specialists from two U.S. corporations, Bechtel and Westinghouse. Architect engineers from Bechtel will be involved in the station lay-out while Westinghouse will provide advice and experience on PWR technology.

During the detailed design stage the team will report to the NNC, although in the proposed construction phase it will operate on behalf of the CEGB.

The appointment of the team — a joint move by the CEGB and the NNC—is seen as a move to speed the planning process and to avoid the frustrations of split responsibilities between companies which have dogged UK nuclear developments in the past.

Dr Walter Marshall, chairman of the UK Atomic Energy Authority, is believed to have been the driving force behind the establishment of the team. In July Dr Marshall was appointed by the Government to lead a national task force to accelerate the design phase of the PWR. The appointment was made after the NNC abandoned its first PWR design as being too expensive.

A public inquiry into the Sizewell B project is due to be held next autumn. The planning team is hoping to prepare designs, safety criteria and the statement of the project's need by the end of April.

As part of the planning process, the NCC has appointed Mr Ted Pugh, a leading CEGB executive, as director responsible for the PWR project. Mr Pugh, aged 59, is currently director of projects in the CEGB's generation, development and construction division at Barnwood, Gloucester. For many years he has had a close association with the NNC in nuclear design and construction.

# Marathon Oil Brae field test 'encouraging'

BY SUE CAMERON

THE U.S.-based Marathon Oil has drilled another test well on the North Sea Brae field and industry experts last night described the results as "encouraging."

The well—block 16/7A-18—flowed at the rate of 3,698 barrels a day of 37.7 degree oil through a 40/64 inch choke. It also produced gas at the rate of 3.8m cubic feet a day. This was at depths of between 7,543 feet and 7,618 feet—only about half the depth at which oil has been found in other parts of the Brae field.

Marathon said that during tests at depths of between 5,680 and 5,702 ft and between 5,582 and 5,630 ft, flow rates of 208m barrels a day of 31.7 degree gravity oil plus 20m cubic ft of natural gas a day were recorded through a 1.5-in choke.

The company said three other zones in the 5,700-ft well were tested but produced only water.

The Brae field, which lies 155 miles east of Aberdeen, has estimated recoverable reserves of 365m barrels of oil and 155m cubic ft of gas, as well as 35m barrels of natural gas liquids. Marathon is the operator on the Brae A sector of the field where it is hoped that oil production will begin in 1983.

● The first 600,000 barrel shipment of crude from the North Sea's Beatrice field was loaded yesterday at the newly completed £100m Nigg terminal in Scotland.

Production from the Beatrice field, which lies only 12 miles off Scotland, began in September and is eventually expected to build to a peak of some 80,000 barrels a day when the second B platform comes on stream.

But the pipeline from Beatrice to the Nigg terminal has the capacity to take 100,000 barrels a day and any crude discovered in the Moray Firth will probably be sent to Nigg.

The consortium of companies with interests in the Beatrice field was awarded a second block—12/21—in the inner Moray Firth earlier this year during the seventh round of UK licensing.

The consortium, led by the state owned British National Oil Corporation which is the operator at Beatrice, includes the U.S.-based Kerr McGee which has also found oil in the Moray Firth. The fund has not yet been assessed.

Work on the new terminal at Nigg began in 1978. It was built by Wimpey and is owned by the Beatrice partnership. The partnership is made up of BNOC with a 28 per cent stake, BP Petroleum Development with 15 per cent, Deminex Oil and Gas with 22 per cent, Hunt Overseas Oil with 10 per cent and Kerr McGee Oil with 25 per cent.

# North Sea research pledges may be sought

BY RAY DAFTER, ENERGY EDITOR

OIL COMPANIES seeking new North Sea exploration licences may have to give the Government an undertaking that they will involve UK companies in research and development projects.

The scheme is being discussed at the Energy Department. It could be incorporated in conditions laid down for the next round of offshore concessions. The Government may well offer its eighth round of licences next year.

Officials, particularly those in the department's Offshore Supplies Office, are keen to encourage the research and development capability of UK companies, especially those involved in providing services and equipment to the offshore oil and gas industry.

Under the present licensing system, drilling concessions are awarded by the Government on a discretionary basis. When reviewing applications, Energy Department officials take into consideration factors including the oil companies' technical and financial standing as well as their willingness to give British industry a "full and fair" opportunity to compete for orders.

These conditions may be expanded for future licensing rounds to take account of the oil companies' willingness to become involved in research and development.

The Offshore Supplies Office, established to encourage the development of a UK oil supply industry, is keen to see oil producers and their equipment suppliers working more closely on research and development projects which could lead to the exploitation of small fields and reservoirs in deep water.

Other research projects might include the development of underwater technology, the miniaturisation of platform production equipment and improvements in recovery techniques.

Energy Department officials said yesterday that the scheme under consideration was not an implied criticism of the oil industry. It recognised that most of the major oil companies had extensive research and development programmes; this had been demonstrated in the novel techniques now being employed in various fields.

But officials wanted to see UK supply and service companies operating at the forefront of technology. In this way, they would improve their export potential.

Partly as a result of efforts by the Offshore Supplies Office and the conditions laid down in the licensing terms, UK manufacturers and service companies have gained a 70 per cent share of the orders placed by operators on the UK continental shelf. UK oil and gas producers are now investing about £2.5bn-£3bn annually on equipment and services.

# Cautious welcome given to lorry weight ruling

BY JOHN GRIFFITHS

UK TRUCK and trailer manufacturers yesterday gave a cautious welcome to the impending publication of a White Paper which will raise the maximum gross vehicle weight of lorries from 32.5 to 40 tonnes.

The response, however, was based more on the fact that the uncertainty over possible higher weight limits is being removed rather than any expectations of it leading to an early uplift in the heavily depressed truck and trailer market.

Few in the industry believe the new legislation will reach the statute book before the second half of next year, because of the fierce reaction expected from MPs of both parties who strongly oppose any increase in weights.

UK truck makers have almost without exception been building and selling tractor units rated to at least a 38 tonne limit, in the expectation or higher weights.

The UK industry believes the changes offer little, if any, scope for commercial vehicle importers to make increased headway in the UK market.

Trailer makers who have seen the market in Britain plunge from about 19,000 units in 1979 to about 6,000 this year, also did not expect any upsurge in orders from any new legislation.

A spokesman for Crane Fruehauf, which makes about 40 per cent of the trailers sold in Britain, said that although operators who have been postponing decisions on trailer replacement were now likely to start ordering, it was likely that at best some three-axle units would replace orders which in any case would have been placed for the lighter, two-axle versions. It still expected an unchanged market next year of about 6,000 units, with no real upturn until 1983.

# BL claims study paper on group is misleading

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL LAST night accused the Centre for Policy Studies of producing a study paper about the motor group which contained a "number of glaring errors."

BL pointed out that the paper purported to expose some popular misconceptions surrounding BL. "Unfortunately, it does nothing of the kind. Instead it creates a number of new and quite false conceptions of its own," BL maintained.

In ordinary circumstances a study containing many obvious errors would simply be ignored. However, the centre was founded by Mrs Margaret Thatcher and Sir Keith Joseph when they were members of the Opposition and is therefore assumed to have some influence on current Government thinking.

The paper argued that BL should be returned to the private sector as quickly as possible "in order to bring about the necessary managerial and other disciplinary sanctions."

To achieve this and to reveal which parts of the group are viable, the centre suggested that BL should be divided into a number of independent Company Act companies with a view to their individual sales.

Any part of BL which was not immediately saleable should be encouraged to seek investment capital from the market without the benefit of Treasury guarantees on this investment.

And if BL failed to meet the interest payments it should be forced to sell off assets in the normal commercial manner.

The BL assets realised should be used, first, to pay a dividend to the Government and, second, a proportion might be ploughed back to finance profitable investment in the BL group.

BL stated that the inaccuracies had been pointed out quickly to the Department of Industry.

# BCal wants bigger share of London-Paris route

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, with 35 return services a week between Gatwick and Paris, is seeking increased capacity on the route—the most profitable on its scheduled European network.

This year, the airline expects to carry nearly 250,000 passengers on the run. Traffic is growing—22 per cent up this year—and many flights are full.

Under the Anglo-French bilateral air agreement, British Airways and British Caledonian have 50 per cent of the total market—37.5 per cent of BA and 12.5 per cent to BCal. Air France has the other 50 per cent. BCal is now operating at its permitted capacity.

BCal is anxious not only to increase the number of flights, but also to put bigger aircraft into service. It is restricted to using 100-seat BAC 1-11 jets but would like to use 20-seat A-310 Airbuses, three of which are due to join the BCal fleet in 1984.

If the Civil Aviation Authority agrees that capacity restrictions on the route should be lifted, the Department of Trade will have to negotiate with the French for an increased British share of the total traffic.

This is likely to be strongly resisted by the French.

Alternatively, BCal can press for an increased share within the British 50 per cent—but this is likely to be fiercely resisted by BA.

# Banks' hidden reserves remain shrouded in mystery

## William Hall reports on a special privilege

JUST UNDER a fortnight ago Henry Ansbacher, a small merchant bank in the City, sent its interim statement to shareholders.

Normally, it does not contain much information but at least it does give some figures. This year there were no figures. The only indication shareholders got about how their company was doing was a brief statement that profits were "somewhat below" those for last year.

In addition, Sir Samuel Goldman, the chairman, told shareholders that "Henry Ansbacher had been recognised by the Trade Secretary as a banking company under Schedule 8 of the Companies Act 1948.

"The group will therefore in future be reporting results on the same basis as other companies in a similar position." Although Sir Samuel did not spell it out, that means that Henry Ansbacher will be reporting considerably less information.

The bank is one of four institutions which have just been given permission by the Department of Trade to keep hidden reserves and not disclose their true profits. The others are Robert Fleming, Gerald, Quin, Cope and Page and Gwyther.

None is seeking publicity for its move and although permission was granted in the summer, it did not become public knowledge until a list of Schedule 8 banks was published in a recent edition of British Business, the Department of Trade's weekly magazine.

This is believed to be the first time since 1970 that the authorities have given permission for banks to keep hidden reserves. At that time the big clearing banks gave up their privileges under Schedule 8 and decided to disclose fully their profits. Since then the privilege has been confined largely to City merchant banks.

Quite why the authorities have decided to allow four institutions to avail themselves of the privilege at a time when conventional wisdom is encouraging more, rather than less, disclosure is a mystery.

Predictably, the reaction of accountants and banking analysts is that the move is a retrograde step. Mr Robin Munro-Davies, managing director of IBCA Banking Analysis, which monitors the performance of the world's top banks, says the move "goes right against the spirit of what is happening to banks around the world."

The timing of the decision is also surprising since the whole subject of whether banks should be allowed not to disclose their true profits is under scrutiny by a House of Lords subcommittee which contains several banking peers.

Lord O'Brien, a former Governor of the Bank of England, Lord Seebohm, a former chairman of Barclays Bank International, Lord Cobbold, a former deputy governor of the Bank of England, Lord Camoys, chief executive of Barclays Merchant Bank, and Lord Benson an adviser to the Bank are among those debating the subject.

Ostensibly, they are discussing an EEC draft directive on bank accounts, and the question of whether banks should be allowed to keep hidden reserves and not disclose their true profits is one of the key issues.

The directive is unlikely to be effective in the UK until 1987, at the earliest. Nevertheless, the Lord sub-committee is one of the few occasions where the matter will be debated publicly and, given the calibre of the committee members, its conclusions will play an important part in formulating UK policy in later official discussions.

The sub-committee has taken considerable evidence from interested parties in the UK and abroad and is preparing a substantial report which is expected to be published next year.

Its conclusions could have a far-reaching impact on official policy toward the disclosure of information by banks.

Many banks on the Continent do not disclose their true profits and maintain hidden reserves. They argue that if depositors know what is happening to a bank's true profits, they might panic and this could lead to a run on the bank and its eventual collapse.

# Nationwi[…] abandons [...] differentia[…] system

By Michael Cassell

THE NATIONWIDE B[…] Society, the country's largest, is to follow […] other major societies abandon its system of dif[…] tial mortgage rates.

The society said that December all new mor[…] would be at the […] recommended rate of 1[…] cent, with 1 per cent ad[…] for endowment rates p[…] existing borrowers und[…] differential scheme w[…] abolished.

The Nationwide join[…] Halifax and the Woolw[…] the "top five" societies have decided to stop ch[…] more on larger loans.

## Oscar the £1m jobs system

BROOK STREET, the e[…] ment bureau, has spen[…] than £1m on develop[…] computerised job-ma[…] system. All its Central I[…] branches are linked […] system, Oscar, on […] details of vacancies stored. The compute[…] prepare shortlists of s[…] candidates matched […] employers' job descrip[…]

## Anti-smoking kit for doctors

BRITAIN'S 25,000 doct[…] being sent a special smoking kit as part […] £50,000 campaign. T[…] issued by the Health […] tion Council and the […] on Smoking and Health group (ASH), inclu[…] poster, stickers, and l[…] A sample survey show[…] on average each gener[…] titioner could persu[…] patients a year t[…] smoking.

This latest campaign as the Government […] less willing to support tion on tobacco adve[…]

## Surrey Docks pl[…] 'Europe's biggest'

LYSANDER ESTAT[…] seeking detailed p[…] permission for what i[…] would be Europe's private commercial […] development in Surre[…] London. Lysander, re[…] ing Phoenix As[…] Lazard Property Unit Costain Construction Sefri Construction has won outline planning sion for the scheme would have a 550,00[…] shopping centre; 550,0[…] gross of offices in six and about 500,000 s[…] industrial buildings.

## Masefield on new railway age

SIR PETER MASE[…] chairman of London port, said at a Lond[…] ference on Railways Electronic Age that in efficiency, safety, re[…] and reduced operatin[…] with better informati[…] services for passengers be at the heart of rail the future.

## Lonrho denial

LONRHO, the intern[…] trading conglomerate large African in[…] denied yesterday a re[…] the Johannesburg St[…] its companies in Zin[…] had given Mr Mugabe's ruling ZA[…] party over £700,000. M[…] Spicer, a Lonrho d[…] said it was "a rubbish."

## Insolvency boom

INSOLVENCY figure[…] October show a recor[…] of company liquidatio[…] presented by the Depa[…] of Trade in its official n[…] journal British Busine[…] cials said the civil se[…] strike continued to p[…] distortions in the figur[…] precluded presentatio[…] monthly figures for co[…] liquidations in April-S[…] ber.

## Law breakdown

THE LAW SOCIETY, t[…] ing body of the solicitor fession, has apologised law students for err[…] marking of their final nation papers. These some students being w[…] held to have failed pletely, and others be[…] quired to re-take one subjects.

## TSB charges up

COST of a TSB c[…] account will rise for customers from tomor[…] the bank puts up its c[…] for the second time 1978. It affects En[…] Wales and the C[…] Islands, but not Sc[…] Customers with less th[…] in their account will 15p charge, previousl[…] for each debit item.

## £2bn bonds sale

THE SECOND issue of Linked National S[…] Certificates, formerly […] as Granny Bonds, sold […] £2bn in the first 12 […] since their launch on N[…] ber 17 last year.

# imp sum investment . life business aches record level

C SHORT

AMOUNTS of lump estment on individual iness amounting to ere received by life s during the third f this year. This was ent higher than the received in the second and double that in the third quarter of

issued yesterday by life associations—Life Association, Associated Life Offices and the Life Offices Associa- w that life companies fully participating in 's savings boom.

regular premiums on individual life at £199m on an annual- s were only 2½ per cent the record level of nt made in the second They were over 20 per her than the third of last year. Total d premiums received st nine months reached 17 per cent higher than

er, self-employed pen- siness fell dramatically hird quarter from the evels of the previous with annual premiums ent lower at £26m and remiums 60 per cent £27m. Self-employed is very seasonal though. dull self-employed sales hat both annual and remiums for all individual business fell during the third quarter—annual premiums by 8 per cent to £225m and single premiums by 7 per cent to £347m. Nevertheless, self-employed pensions sales in the third quarter were 30 per cent higher on both annual premiums and lump sum payments compared with the third quarter of 1980.

Linked-life business continues to grow very strongly in both *life and pensions fields.* Sales of linked-life bonds in the third quarter were nearly 5 per cent higher at 147.5m and at £412.7m total sales of linked bonds in the first nine months are already well above the £308m of sales for the whole of 1980 and have exceeded the previous annual sales record of £340m achieved in 1973. Total annual premiums on linked-life saving plans at £133.3m for the nine months is only £7m below the record sales in 1980 of £140m for the whole of the year.

Ordinary life business, selling conventional savings plans and protection contracts, continues to grow steadily, due in part to sales of guaranteed income bonds. But industrial life business, where agents collect premiums from the homes of policyholders, remains dull. Annual premiums declined 5 per cent on the quarter to £52.3m and have grown by just over 1 per cent to £161m on the nine months.

# Prior confident as Ulster strike approaches

BY PETER RIDDELL, POLITICAL EDITOR

MR JAMES PRIOR, the Northern Ireland Secretary, is confident that the Government will be able to contain the impact of the threatened strikes and protests in the Province on Monday by Loyalists and supporters of the Rev Ian Paisley.

Mr Prior gave a report to the Cabinet in London yesterday and there was a discussion of the current crisis. Ministers are confident that morale in the RUC and the security forces is high and hope to ride out Monday's disturbances.

There are no plans to revise the timetable or the substance of talks with the Dublin Government on the establishment of the Anglo-Irish Council.

Our Belfast Correspondent writes: Official Unionist leader Mr James Molyneaux spoke yesterday of his meeting with Mr Prior and said he was dissatisfied over the Government's unchanged position on the Anglo-Irish talks. Official Unionist MP for Armagh, Mr Harold McCusker, said the talks with Mr Prior were a "complete waste of time."

Mr Jack Hermon, Chief Constable of the Royal Ulster Constabulary, last night warned that the Provisional IRA were intent on murdering leading citizens as part of their plan to create "total disorder" in an attempt to "provoke the Protestant community into extreme action and set up a chain of events favourable to the Provisional IRA's aims."

Yesterday afternoon a 45-year-old part-time UDR man became the latest IRA victim when he was shot dead in Strabane.

Meanwhile, in the House of Commons, Mrs Margaret Thatcher said she hoped all law-abiding citizens in Northern Ireland would support the security forces.

Last night 500 power workers from Ballylumford power station in Larne voted to strike on Monday. They received a visit from Mr Ian Paisley on Wednesday night. This could leave much of the province without electricity.

Meanwhile in Belfast the UDA's eight-man inner council met to decide its stance.

The Ulster Loyalist Central Co-ordinating Committee, an umbrella group of Loyalist paramilitary organisations, was also meeting last night.

The security forces were making contingency plans as soldiers of the army's Spearhead battalion began border duty yesterday. Members of the SAS are believed to have been placed on standby to support members of the regiment understood to be already in Northern Ireland.

Dr John Girvan, Moderator of the Presbyterian Church, yesterday accused Mr Prior of repeating "empty words." Speaking at the funeral of an RUC reservist shot dead by the IRA on Tuesday, he said: "We are now saying enough is enough."

"Surely by now the Secretary of State has got the message that empty words which have been all too common from people in his position will no longer suffice to allay the fears of good people whose lives are in jeopardy," said Dr Girvan.

Two other gunshot victims—one a part-time UDR man and the other a Roman Catholic victim of a sectarian attack—were also buried in Ulster yesterday.

# York Trailer cannot register trade mark

By Raymond Hughes, Law Courts Correspondent

A LEGAL principle that no trader can monopolise a geographical name has prevented York Trailer Holdings registering its long-used trade mark.

The House of Lords yesterday upheld the refusal of the Registrar of Trade Marks to allow the company to register its mark, which includes the word "YORK" in capital letters, unless it disclaimed exclusive rights to the use of the word. This the company had refused to do.

Lord Wilberforce said York Trailer's parent was a Canadian company based in York, Ontario. Neither had any connection with the English city of York.

York Trailer wanted to register the mark in connection with its business of making freight trailers and containers. It had used the mark on a substantial scale for a long time.

Lord Wilberforce concluded that the Registrar had been right not to allow York Trailer to monopolise the name of an important city.

The decision means that the company will still be able to use the mark, but will not have the protection of the Trade Marks Act.

# Camden council considers budget cuts of up to 15%

BY ROBIN PAULEY

THE LABOUR-CONTROLLED London Borough of Camden is considering cuts to its budget of up to 15 per cent as a contingency against the Government's proposals to clamp down on rates next year.

But Mr Roy Shaw, leader of Camden council, yesterday denied emphatically reports that chief officers are drawing up last-ditch emergency plans which would involve cuts of 60 per cent or a reduction of 2,600 staff.

Several reports said Mr Frank Dickson, chief executive, had asked all the chief officers to draw up contingency plans for the Draconian shedding of staff in case the Government's legislative plans left the council no alternative within the law.

Mr Shaw said it was inconceivable that such a plan could be asked for without his knowledge and equally inconceivable that Mr Dickson would do any such thing without first consulting him, as full-time leader of the council.

Camden is in danger from any move by the Government to limit councils' powers to raise rates. Camden spends £102m compared with the £58m the Government thinks it should to provide a standard level of services. So far the Government has had no sanction against Camden because it is so rich in rateable resources that it receives no grant from the Government to support it.

Camden raises more than three-quarters of its rate income from non-domestic ratepayers. But the Government's intention to limit both the rate levy and the extent to which it can fall on non-domestic ratepayers poses problems for Camden.

Mr Shaw said about 5 per cent could be cut off the current expenditure budget without any effect on services if efficiency could be improved. The implied loss of 2 to 3 per cent in staff could be achieved by natural wastage.

A 10 per cent cut would need some service cuts but no redundancy. A 15 per cent cut would require drastic surgery and could be contemplated only if it was the sole way to obtain a waiver from the Government against yet more penal action.

This may be academic because of the extent by which Camden exceeds the Government's assessment of how much it needs to spend. For example, even if the Government allowed a threshold of 40 per cent above the assessment before any cut-off point, Camden would still need to cut £22m from the budget.

This is a cut of about 22 per cent, which becomes a real cut of about 30 per cent when interest charges and similar items are included.

Mr Shaw is adamant that this could not be achieved. One possibility would be for the council to resign, leaving the Government to try to make the changes.

# otes issue leads to ck of harmony

**Raymond Snoddy looks at the row which is splitting the Performing Right Society.**

RGENCY general meet- the Performing Right has been called for r 16 to try to resolve ear-old row over the e of the identity of the of members who have in society elections.

ent members of the which raises about £40m n copyright fees from blic performance of ave been trying to force ety to identify about 500 12,000 membership who votes.

argue that the system hted voting which gives s to the most successful ers and publishers allows rity of big publishers to the society affairs.

meeting is being held the effect of an amend- of the Companies Act, many thought would he society to reveal the voting list, is tly unclear.

adjournment debate in mmons in March, Mr Eyre, Under Secretary le, said that the "defici- n the Companies Bill would have exempted es limited by guarantee as PRS — from the disclosure requirements ll" is to be corrected." Eyre told Mr Leslie d, Labour MP for n: "The provision to duced will require dis- of voting rights." Now hael Freegard, chief e of PRS, says he does eve the Companies Act, nded, will force dis-

el's advice is that the l voting right system at oes not constitute a class under the terms ct.

society has approached overnment and has tly been told that the l "PRS amendment" t in fact specifically at the society and had neral purpose of har- g the rules for com- which had shares and hich had not.

ow has been fought with e of personal bitterness seems to mark disagree- involving the arts and ums of money.

e centre of the row are erent membership cate- and weighted voting They are:

visional member—three published: No vote.

ciate member—earnings ) for a writer or £750 publisher in not more ree years—one vote.

members—writers who arned £1,000 in each of any three consecutive (publishers £10,000)—10

additional 10 votes go to who have earned a total 000 from their works in t 20 years or in the pre- two years. The figures blishers are £50,000 and 0 respectively.

Trevor Lyttleton, a com- and solicitor who is a r of the society, has been a campaign within the and in the courts to disclosure of the 20 vote rs to try to end "a self- ating oligarchy."

believes that within this perhaps less than 100 ders "though the device ltiple corporations and control over top com- have actual control over ociety and thereby a ehold on the entire music acturing industry in the

as an ally in Mr Huckfield drawing up proposals would aim to part nationalise PRS and "protect composers and lyricists from the depredations of the publishing industry."

Mr Huckfield also wants clubs and small shops to be exempt from PRS licence fees. He did not however win a place in last week's ballot for Private members' bills.

Mr Freegard believes the society has run into disputes because it tries to represent the interests of a majority of members who have published only a few songs as well as the minority of profesional composers and publishers.

"We have been attacked by one of our members for what he says is a lack of democracy. His views, it is quite clear, are not shared by the majority of its members.

"The society is marginal to maybe 80 per cent of the members," he added.

If there was to be one man, one vote the whole method of distribution of revenue would be at risk, Mr Freegard argues, with the possibility that the less successful could vote themselves a larger slice of the earnings of the top composers and publishers.

"Those with 20 votes have 36 per cent of the votes whereas their work earned and received 61 per cent of the society's distributions to its members the previous year.

Mr Freegard hopes that the society can soon get back to concentrating on its main business—trying to make sure that wherever a member's music is played in public members get their fees.

"The most difficult thing we have to do is to secure reliable information about what has been performed—even with such impeccable organisations as the BBC," Mr Freegard said.

The BBC pays 2 per cent of licence fee income to PRS—more than £10m for 1980. Next month the Performing Right Tribunal, which adjudicates disputed cases, will hear the PRS claim for 1.5 per cent of net advertising revenues of the ITV companies. Mr Freegard believes the companies have paid between 0.6 per cent and 1 per cent in the past.

The drive to increase income from the small premises playing music to their customers will also continue, despite adverse publicity.

More staff and investigators—usually retired policemen—will continue to be hired as long as the percentage increase in administration costs is matched by a similar percentage of revenue increase.

PRS points out that only 20 cases a year come to court. Some Indian restaurant owners in the London area are in for a shock however. Mr Brahma Kaicker, secretary of the Indian Performing Right Society, was in London last week. He was token for meals at particular erring restaurants to listen to the music to see whether any of the 400 composers he represents are entitled to fees.

# Howe says recession is receding

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, argued yesterday that in the light of the slightly improved figures for manufacturing output "the worst of the recession is probably behind us."

His choice of words was similar to the assessment he gave the House last July, when he said figures showing better export prospects were "consistent with the fact that we are now at at the end of the recession."

His remarks yesterday came in answer to questions in the Commons when a large number of Conservative back-benchers were critical of Government policy and once again called for mild reflation to help business.

Later, Mrs Thatcher gave an *optimistic view of the trend of* inflation despite the fact that the latest figures showed prices rising at 11.7 per cent a year.

There were jeers of disbelief from the Opposition when Mrs Thatcher told the House that in general inflation was on a falling course.

The latest published figures were higher because of the change in the pound-dollar exchange rate.

"There may be further increases immediately, but then I believe it will resume its downward course," she maintained.

During Treasury Questions *Sir Geoffrey and other ministers* repeatedly emphasised that continued recovery depended upon moderate wage setlemnts.

The Chancellor based his remarks about the recession on figures for the third quarter. These showed that manufacturing output generally rose by 1.5 per cent while in chemicals it was up 6 per cent and in engineering 2 per cent.

These figures showed that the movement was now in the right direction he said. The movement could be encouraged and accelerated by moderation in pay settlements and by ensuring that local authorities did not impose rates which were too high for the survival of manufacturing industry.

**Mr Tim Eggar** (Con. Enfield N.) told him bluntly that industrialists were looking for extra demand

The Chancellor replied that present prospects showed that output was moving in the right direction whereas in many EEC countries it was still moving in the wrong direction.

The improvement was happening in Britain not because of anything the Government was *doing to demand*, but because industry was recovering its competitiveness.

Another Tory backbencher **Mr Cyril Townsend** (Con. Bexleyheath) complained that many lean, efficient and well-managed companies had been pushed over the cliff by the economic situation.

"Isn't there a clear commonsense case for steering Government funds towards carefully costed capital projects in labour-intensive industries?" he asked.

The Chancellor assured him that within the overall limit of available money the Government was prepared to find funds for investment rather than current consumption.

He pointed out that it was planned to increase real investment in nationalised industries next year by 15 per cent, the highest figure since 1975.

Sir Geoffrey was questioned by **Mr Michael Latham** (Con. Melton) about the level of interest rates. Mr Latham recalled that in recent days the Bank of England had intervened to keep rates up and he wondered how this helped

The Chancellor explained: "Although rates have come down a little from their peak we must proceed cautiously if we are not to let up in the fight against inflation."

**Mr Leon Brittan**, Chief Secretary to the Treasury, was asked by **Mr Teddy Taylor** (Con. Southend E) whether it was still the Government's intention to aim at a substantial reduction in the public sector borrowing requirement by 1983.

Mr Brittan said the policy was to secure a reduction in PSBR as a proportion of money gross domestic product over a period of years.

**Mr Peter Shore**, shadow Chancellor, claimed this was an important change of Government policy which showed that the medium-term strategy had been abandoned so far as the PSBR was concerned.

This was firmly denied by Mr Brittan, who said the borrowing requirement for 1981-82 was on target.

# Welcome for Reagan 'zero option'

By Ivor Owen

BOTH THE Prime Minister and Mr Michael Foot, the Opposition leader, yesterday urged the Soviet Union to give a positive response to President Reagan's initiative on nuclear disarmament.

Mrs Thatcher underlined the importance of the U.S. decision to back the so-called "zero option" in the theatre nuclear force negotiations starting at the end of this month. She emphasised that the objective was a reduction, not just a limitation, in nuclear arms, and a cut in conventional forces as well.

She warned that the negotiations are likely to be "very long and difficult," and stressed that they could lead to a balance of forces between East and West much below the present level.

The PM said she sincerely hoped the negotiations would be "fruitful" for all of us and all our people."

*She indicated the Government's* concern over the growing burden imposed by defence expenditure by adding: "If that response does not come then I think it is very serious for the amount of money which we all have to spend in future on armaments."

To cheers from his supporters Mr Foot said the welcome from Labour MPs for President Reagan's initiative was all the greater because they had been advocating the "zero option" for many months.

He claimed that if the negotiations were successful it would mean that the concept of limited nuclear war, which had been supported by some members of the U.S. Administration and som others, would be outlawed altogether.

The PM refused to be drawn into this area, telling Mr Foot that she would have preferred him to give an unqualified welcome to President Reagan's initiative.

Mr Foot retorted that Opposition leaders had a much stronger right than the PM to welcome an approach which they had been advocating in *Washington, Moscow* and Europe.

"The last person to support the "zero option" was the PM herself," he said.

Mrs Thatcher countered that Mr Foot, by supporting the campaign for unilateral nuclear disarmament, had been asking for the surrender of Britain's security.

"I believe in multilateral disarmament and I am anxious to see it," she declared amid Government cheers.

# Ministers face problems over alternatives to rate referendums

BY PETER RIDDELL, POLITICAL EDITOR

DEPARTMENT of Environment ministers and Tory Party managers are having difficulty finding an alternative to referendums which will both limit local authority rate increases and be acceptable to Tory back benchers.

Mr Michael Heseltine, the Environment Secretary, has had several meetings with the main critics on the back benches following the 20 abstentions in last week's debate in the Commons.

The main options are:

**Direct restrictions** on local authority rates, approved by parliament, as in Scotland, though there are reservations that this might involve the House of Commons in central decision-making.

**Fresh elections** for councils seeking rate increases above a limit specified by Whitehall. Party managers do not believe this will make much headway because of their worries about possible electoral gains by the SDP-Liberal alliance.

**Elections** of a third of each council each year, the system that existed before the local government reorganisation of the early 1970s. This is regarded as a gentler means of control than the others.

Mr Heseltine is believed to be more sympathetic to the options involving greater local accountability, such as elections.

Party managers are primarily concerned with reducing back bench objections, so a concession seems certain that the main provision on rate increases will be temporary.

A further option being discussed by a number of senior back benchers is that a referendum should be advisory rather than mandatory, with fallback provisions allowing for central limits if necessary. This may not be acceptable to the hard core objectors to referendums.

Party managers concede that the Bill is not very likely to retain the referendum proposals. A decision will have to be taken within the next week or so if the measure is to be in place for the next rate-fixing round.

Ministers are determined to press on with legislation. In a speech last night to the Institute of Directors, Mr Heseltine said he was considering alternatives to referendums.

"But the objective of such legislation needed to control high spending is beyond question."

It is unclear whether any alternative proposals will merely require amendment of the existing Bill or will involve a new Bill, which would be highly embarrassing to the Government.

# CPSA to delay election results

By Philip Bassett

**PUBLICATION OF crucial election results for two key senior posts in Britain's largest Civil Service union is to be postponed for two weeks to allow for a thorough examination of virtually every ballot return following allegations of voting irregularities.**

**Despite the fact that officials of the Civil and Public Services' Association could find virtually no complaints from branches about the conduct of the elections following allegations of irregularities by Mrs Kate Losinska, the union's moderate president, and other leading right-wingers, the decision was taken to delay the announcement of the results of voting for the union's general secretary and general treasurer posts.**

**Voting closes today and the result was expected on Monday or Tuesday. In other unions, such as the miners or engineering workers, a delay between the close of the ballot and the declaration of the result is normal but ballots in the CPSA have usually been counted quickly—sometimes with subsequent difficulties, as in the case of voting two years ago which led to the removal of the union's entire governing national executive for three months.**

**CPSA leaders have heeded the advice of Mr Stuart Crowhurst, the union's chartered accountant and returning officer, that a thorough examination of voting returns will take about two weeks. Counting will begin on Monday, and declaration is expected on December 7.**

**The union is keen to preclude any charges of irregularities, and also wants to be absolutely sure of the count, if as now seems likely, the vote for the general secretaryship is tight.**

However, the delay has aroused suspicion, particularly among the left in the union that it has been done to foil right-wing consideration of re-running the whole ballot again because of the now expected defeat of the right's favoured candidate for the general treasurer's job, Mr John Raywood, an assistant general secretary.

Left-wingers feared the right might use the absence of Mr Ken Thomas, CPSA general secretary, first on holiday next week and then at the public service's international conference in Singapore the week after to push through a rerun.

**While key areas such as the Post Office seem to be voting heavily for Mr Graham, many in the union now expect the result of the voting could be extremely tight after a series of large left-wing votes for Mr John Macreadie, a CPSA assistant secretary who is a supporter of the Labour Party's Militant Tendency.**

# BL teabreak strike revie

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MOVES ARE expected today to escalate the strike over tea breaks that has halted all car output at BL's Longbridge plant, Birmingham.

All 350 Longbridge shop stewards have been called to a meeting at which they will review support for 2,200 assembly workers who walked out last week in protest at company proposals to reduce the time allowed for tea breaks and rest periods.

Some leading stewards believe the two week stoppage has now extracted the maximum concessions possible from the management. The fear is that stocks of models produced at Longbridge, including the successful Metro, could be sufficient for the company to sit out the dispute for a few more weks and force the strikers back to work.

However, any move to widen the dispute and involve other workers could prove counter-productive. There is likely to be resentment among the 5,000 Longbridge workers made idle by the strike. In addition to the immediate loss of pay, a £20 a week productivity bonus is at risk as Christmas approaches.

Most of the strikers attended a mass meeting at the factory yesterday at which they voted to continue the strike. But they will meet again at a Birmingham public hall on Sunday to review the position.

The walkout was prompted by management proposals to fund the one-hour cut in the working week by a reduction in relaxation allowance. The unions acknowledge the move has to be financed through higher productivity but insist tea breaks and rest time should not be interfered with.

The company in two days of negotiations this week made one concession, saying the proposed cut in relaxation allowance from 51 minutes a day to 40 could be phased in ove weeks rather than impo one week.

Whether that concessio be sufficient to win ove strikers who have alread two weeks' pay remai doubt.

● Leaders of Ford's manual workers warne night that the company be faced with an all-out if it failed to improv stantially on its offer of cent on basic rates.

Negotiations, which on Monday, have been over the company's ins that any additional pay on top of the 4.5 per cent have to be financed by ments on working pr

The unions are adama they will not accept any scheme that involves fi penalties on plants that meet requirements set management.

# NUS may escalate P & O acti

BY IVO DAWNAY, LABOUR STAFF

THE NATIONAL Union of Seamen is to discuss an indefinite stoppage of all P&O shipping in Britain and Europe in support *of 160 crew occupying two* Liverpool-Belfast ferries following the closure of the service last week.

A full meeting of the union's executive council and ferry port chairmen has been called for Monday when officials will debate a motion demanding an escalation of industrial action.

Among the measures to be considered is a national one-day stoppage by all NUS members on November 30.

However the union failed to endorse a call for an immediate stoppage by all P&O crews, demanded at an emergency meeting between strike leaders and ferry port chairmen in Liverpool on Monday. The strike leaders had threatened *industrial action at all British* ferry and coastal ports today if the union failed to instruct P&O crews to stop work.

Widespread support for such action is considered unlikely without the official backing of the NUS executive council.

Mr Jim Slater, NUS general secretary, said yesterday that the threatened strike action was intended to persuade P & O to keep the Liverpool Belfast service open until a new operator could take over. "The Government, too, must accept much of the responsibility for any action taken to keep open this vital link between B and Northern Ireland,"

Mr Slater added th union wished to discu *future of the service*, in job prospects for NUS me with any operator that come forward. In the time the sit-in on the Prince and the Ulster would go on indefinit

P & O last night w notices of dismissal were issued to seamen seven ships in dispute o nesday. The company s terday that it had app the Advisory, Conciliati Arbitration Service to i in the dispute. But it Ministers prepared to discuss re the service.

# Younger says two Scots plants will escape BL cuts

BY IVOR OWEN

CUTS in BL's truck and bus division due to be announced today will not necessitate the closure of either the Bathgate or Albion (Glasgow) works, Mr George Younger, the Scottish Secretary, assured the Commons last night.

He refused to reveal the precise extent of the job losses which will be made known today, and angered Labour MPs by revealing that he had no personal discussions with Sir Michael Edwardes or any other senior BL executives.

The decisions necessary to bring capacity into line with prospective demand are for those who run the company, he insisted.

Mr Younger, who infuriated the Labour benches by being unable to name the senior BL executive principally concerned, promised: "You will find that the influence of the Scottish Office on the decision taken by BL has been very considerable indeed."

Labour MPs sought to censure the Government for pursuing policies which had brought record unemployment to Scotland and caused a disastrous rundown of industry. Mr Younger accused them of exaggerating the admitted difficulties facing the Scottish economy.

Mr Younger highlighted the fact that in contrast to previous recessions, Scotland was showing greater resilience than anywhere else in the United Kingdom.

*Unemployment in Scotland* was "tragically and unacceptably high" but had increased at a lower rate than in the country as a whole since mid-1980.

Contrary to the predictions of Labour MPs, said Mr Younger, Scotland had not been turned into an industrial desert. He saw the best hope for the future expansion of the Scottish economy in the attraction and growth of high technology industry.

Launching the Opposition attack **Mr Bruce Millan** forecast *that unemployment in Scotland*, already at record levels, would become worse.

He pressed Mr Younger to "stand up for Scotland" in the ministerial consideration of the £500m bid for the Royal Bank of Scotland Group by the Hongkong and Shanghai Banking Corporation.

# Moderates shelve battle plans

By Elinor Goodman, Political Correspondent

LABOUR'S MODERATES yesterday shelved proposals for confronting the far left in the light of Wednesday's call by party leader Mr Michael Foot for a six-month "self-denying ordinance" on infighting.

The Labour Solidarity campaign, set up to counter the activities of the extreme left, had been planning to launch a new set of demands next week, but its executive agreed after Wednesday's meeting of the Parliamentary Labour Party that it would be bad tactics for the group to be seen to be ignoring Mr Foot's call for peace.

Given Solidarity's commitment to fighting the far left, *it is highly unlikely that it will* drop its demands altogether.

But in the short term it is likely to try to build on the increasing desire for unity of MPs on the "soft left" by seeing if there is any way its proposals could be modified to win wider support on the left.

Solidarity already encompasses a fairly wide spread of MPs on the right and centre of the party, and it has taken several weeks of discussions to agree a firm set of proposals.

Earlier this week, however, the steering committee approved a six-page document setting out six main objectives for the group over the coming year.

These include reviewing the rules governing the re-selection of MPs and the election of the party leader; pressing the principle of "one-member, one-vote" for party elections; getting more moderates on to the party's national executive committee; and, at the very least, a "thorough-going inquiry into the various anti-democratic and destabilising groups that are damaging the party."

# Next week in parliament

COMMONS

**Monday:** Social Security and Housing Benefits Bill, Second Reading. Agriculture and horticulture schemes and regulations.

**Tuesday:** Transport (Finance) Bill Second Reading. London Docklands Development Corporation (Vesting of Land) Orders.

**Wednesday:** Local Government (Miscellaneous Provisions) Bill Second Reading.

**Thursday:** Debates on law and order, and on the damaging effects of high interest rates.

**Friday:** Private Members' motions.

LORDS

**Tuesday:** Civic Government (Scotland) Bill, Second Reading: Redundancy Fund Order: Scottish Seed Potato Development Council order: Motor vehicles speed limits and metrication regulations.

**Wednesday:** Short debates on the relationship between European Nato countries and the U.S., and on steps to encourage employers to expand their workforces.

**Thursday:** Farming and horticulture development regulations: London Docklands Development Corporation Order; Boxing Bill, Second Reading; short debate on cuts in BBC external services.

# Tapsell calls for rise in capital investment

By Peter Riddell, Political Editor

A SHARP increase in capital investment over several years is required if there is to be "anything approaching reasonable levels of employment," Mr Peter Tapsell, Conservative MP for Horncastle and a long-standing critic of the Government's economic strategy, said last night in a speech in London.

In a detailed analysis of capital investment of public sector borrowing, Mr Tapsell argued that it would be "infinitely easier to bring inflation under control in an expanding economy where productivity is rising. The key to expansion is capital investment."

Mr Tapsell, who is a partner in stockbrokers James Capel, criticised the Government's definition of public sector borrowing.

He stressed the need for a distinction between the Government's current account (which should balance over the course of an economic cycle) and its capital account which should not be balanced.

Consequently, he maintained that capital investment should be allowed to rise without concern for the consequences for public borrowing over the longer term.

# Commons probe into rail electrification

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE Commons Select Committee on Transport is to start an inquiry into main line railway electrification early in the New Year.

The inquiry was announced by the all party committee yesterday, nine months after British Rail and the Transport Department published their final report on main line electrification. This concluded that all the larger options (costing up to £775m) examined in the report would show an internal real rate of return of 11 per cent, subject to crucial assumptions on BR's ability to raise fares in rea lterms, and on productivity.

The Government refused, however, to give an unconditional commitment to the electrification "of an extensive network."

The inquiry's terms of reference include whether the findings of the report on electrification are based on realistic assumptions; whether ad hoc approval for individual projects would seriously increase costs; whether it is possible to evaluate individual proposals without knowing the full extent of the network; how much success will depend on higher productivity and, to study the Government's contention that Inter City services have not made progress towards earning an adequate return on the assets employed and to see if electrification would help Inter-City become more viable.

British Rail said last night that it was "disappointed at having to wait so long for a firm commitment to electrification, so we are pleased at having this opportunity to re-state the case for extending electrification."

All sittings of the committee are expected to be in private, according to British Rail.

Interested parties and organisations are invited to submit written evidence for the inquiry at the House of Commons by January 29.

# Blastfurnacemen's union set to merge with ISTC

BY CHRISTIAN TYLER, LABOUR EDITOR

THE PROSPECT of a merger between the National Union of Blastfurnacemen and the Iron and Steel Trades' Confederation now looks closer than at any time in the 40 years such an alliance has been mooted.

*Officially, the NUB, which* represents highly paid production men at the first stage of steel-making, has still to talk to two other suitors, the Amalgamated Union of Engineering Workers and the General and Municipal Workers' Union.

But, after five rounds of discussion with the ISTC, it looks increasingly likely that the NUB's annual conference and membership will be asked to approve a merger sometime next year.

A proud and industrially powerful union in its heyday, the 100-year-old NUB is now down to no more than 5,200 working members, compared with about 20,000 15 years ago.

The recent wave of job-cuts in the British Steel Corporation has reduced the union to a shadow of its former self, although it is still potentially powerful and could struggle on alone with severe financial pruning.

Another pointer to the merger is that its general secretary for 10 years, the politically moderate but tough Welshman, Mr Hector Smith, has decided to retire early at *62 some time next year.*

A close relationship between the NUB and the ISTC, which, with under 100,000 members now, has also suffered from the spate of job losses, developed during the 13-week national steel strike nearly two years ago.

Relations between these two and the rest of the unions in the industry became very bad. The craft and general unions—including the AUEW and the GMWU—now form a common committee: this could be another reason for the NUB preferring the industrially more logical merger with the ISTC.

If the deal does go through, it will be a feather in the cap of Mr Bill Sirs, general Secretary of the ISTC.

At one stage, the NUB had talks with the National Union of Mineworkers, but nothing came of them.

# Journalists t discuss new NS demand on disputes

By John Lloyd, Labour Correspondent

**REPRESENTATIVES o** cial journalists will me to decide on what a take following an in from provincial ne owners that wage rise be conditional on agr revamped disputes proc

The proposed pr was unveiled at talks nesday between the Ne Society and the Nationa of Journalists. It wou either side a veto on r issues to the disputes pr and would bring in an i dent chairman to arbit disputes rather than committee, as at preser

The NS said that awa of between £4 and £6 w withdrawn if the new pr was not accepted.

The NS also wants to the journalists about ing productivity in the i though discussions on th cursory.

Ms Linda Rogers, the provincial newspaper said yesterday the believed this was syno with job cuts. The N *said that the proposals* " necessarily " involve dancies.

The revamped disput cedure wil go before t vincial newspapers' in council today without a mendation. The NS sa night that it had asked t for a new form of d procedure, but had not r one.

Ms Rogers said the uni satisfied with the prese putes procedure, though was concern that the em were restricting its ter reference.

# Rolls-Royce unofficial strikers to go back

BY OUR LABOUR CORRESPONDENT

AN UNOFFICIAL strike by 1,500 craft workers at Rolls-Royce's aero engines components plant at Hillington, Glasgow, ended yesterday after four weeks.

A mass meeting of the workers, members of the Amalgamated Union of Engineering Workers, voted by around six to four to return to work from next week.

The company said the workers—including some 2,500 manual workers laid off as a result of the strike—had lost around £2m in wages and the company had lost more than that figure in diverted or lost production.

The plant convenor, Mr George McCormack, said after the meeting that the vote went against further action because "the money was getting tighter and tighter." Mr Callum Mackay, the AUEW district secretary, said the craft workers had shown they were prepared to take action, and that management should not regard it as a victory.

The dispute concerned a claim by the craft workers for payment of extra money for working revised timings. The company said it had recognised the new timings in a wage settlement signed in January.

Mr Don McLean, Rolls' Scottish director, said that one result of the strike was that the company had lost more jobs, and that the future of the factory had been damaged. The skilled workers had been "misled into thinking they had been unfairly treated."

Rolls plans to bring forward proposals for redundancies at the Hillington plant in the near future. The company said yesterday it hoped these would be effected by voluntary means.

# Shipbuilding unions finally lose their patien

BY JOHN LLOYD, LABOUR CORRESPONDENT

AFTER MORE than three years of relative calm and considerable co-operation, unions in the shipbuilding industry say relations between themselves and British Shipbuilding have sunk to their lowest ebb yet, and that the future of national agreements may be in jeopardy.

On Monday, the unions will meet the corporation at its Knightsbridge headquarters and will tell BS executives that they are mad as hell, and might not take it any more. Why?

The immediate cause is a little shipyard in the little industrial town of Dundee, on the banks of the Tay. Robb Caledon was on BS's closure list for years. When it was finally closed in September, around 120 of its workers refused to leave it, and also refused alternative work (60 miles away, in Leith). BS then made them redundant.

Robb Caledon's decision to fight closure and redundancies won the support—hesitantly at first—of the Confederation of Shipbuilding and Engineering Unions, which organises the unions' side of national bargaining.

The issue was not so much the yard, as the compulsory redundancies. Ever since the Blackpool Agreement struck between the two sides in 1979, no compulsory redundancies had been declared (or at least had ever been publicised).

Though the agreement allows for compulsory layoffs as a last resort, it had never been tested. The unions, anxious to retain some control over the relatively rapid rundown of the industry's workforce—20,000 gone since nationalisation in 1977—regard the matter as one of principle.

It had seemed (and may indeed still be) that the difficulty could be resolved by a neighbouring company, Kestrel Marine, which needed room to expand and wanted to buy Robb Caledon and take over at least some of its workforce.

The Scottish Development Agency appeared prepared to guarantee at least part of the deal, but the Dundee Port Authority has—so far—effectively vetoed it by denying Kestrel the use of a jetty lying between the two yards. The problem—and the principle—remains.

BS believes it has done all it can on Caledon. Negotiations were protracted: its executives looked at 300 possible contracts for the yard, but could attract none.

It offered the workers jobs elsewhere, and though the alternative was a long way away, it offered free transport and a travelling allowance. It had, it says, no alternative to closure when the yard was costing £250,000 a month to keep open.

But there is more to it than that, say the unions. A new order has been instituted in BS since the arrival nearly 18 months ago of the chairman, Mr Robert Atkinson. The style is harsher, consultation a formality. The corporation appears to expect the CSEU to act as a sergeant major, sorting out problems among the workers as an arm of BS.

Breaking off national bargaining, however, would be a drastic step for the unions to take. The officials have co-operated because they know that the industry is struggling for its life: they will not willingly damage it.

To return to yard-bargaining, as they threatened, would be to back on often fiercely unions for their individual m ships—which could chaotic as it was before t seventies, with as many disputes and loss of prod as then.

Yet there are tempt too, to throw in the towel. Craft workers—ally the boilermakers—they might fare better in for-all. Semi-skilled would might seize a chance to do thing about resented di tials which have been by national agreements.

And—cynically—it would move from the national c the duty to negotiate on will be a very low offer the Corporation in the wages talks. The present, mooted 7 protest does not imply hit anyone's pocket. however—if the unions be serious and the adamant—hit Britis builders.

# TELEVISION

## Chris Dunkley: Tonight's Choice

Though they are avoiding the word like the plague (and who can blame them) BBC-1 are running what looks suspiciously like a "telethon" tonight, appealing for money to help Children in Need. Obviously nobody would gainsay the cause, but the methods and the claims of previous telethons were certainly questionable. This time the BBC have cleverly made great play with the reiteration of the subject during the evening, yet the affair actually occupies only moderate breaks between programmes, mostly of five minutes. Let's hope that makes the whole business less objectionable while raising as much money.

On Newsweek David Jessel tries to discover whether we get "The Police We Deserve" and considers the policeman's standing in the face of civil unrest, occasional flying pickets, terrorist bombs and so on. That's followed by a repeat of Part 1 of Suez 1956, Ian Curteis's play which seems to be television's only acknowledgement of the 25th anniversary of the historic crisis.

Rather more fuss is being made about Tommy Steele's 25th anniversary in show business: BBC-1 screens a tribute called A Handful Of Songs which follows his career from "Rock With The Caveman" to his recent revival of "Hans Andersen." Friday Night Saturday Morning on BBC-2 is chaired by Desmond Morris whose success in pop anthropology means a considerable loss to television.

### BBC 1

... For Schools, Colleges. ... News After Noon. 1.00 Mill at One. 1.45 The ... 2.02-3.00 For Schools. 3.20 India. 3.53 News for England (London). 3.55 Play 4.20 Undercover ... 4.25 Jackanory. 4.40 ... Shmoo. 4.50 Cracker... 5.35 The Amazing Adventures of Morph. ... News. ... Nationwide (London and South-East only). ... Nationwide, including 6.40 Sportswide. Children in Need. Whatever Happened to the Likely Lads? ... Terry and June, starring Terry Scott and June Whitfield. Children in Need: Progress report — Terry Wogan with celebrities. ... Kessler, starring Clifford Rose, Alan Dobie and Nitza Saul: part 2. Children in Need: Progress report. News. Children in Need: Tommy Steele—a Handful of Songs. Children in Need: Terry Wogan presents on-the-spot coverage and entertainment. News Headlines. Starsky and Hutch. ... am Children in Need: Terry Wogan presides over the last lap.

### BBC 2

11.00 am Play School.
1.20 pm Racing from Ascot.
3.55 Pro-Celebrity Golf.
4.45 War at Sea.
5.35 "Tarzan Finds A Son," starring Johnny Weissmuller and Maureen O'Sullivan.
6.55 News Summary.
7.00 Oxford Road Show.
7.40 Hold Down a Chord.
7.55 In the Country.
8.25 Newsweek.
9.00 Suez 1956.
10.35 Friday Night ... Saturday Morning.
10.50 Newsnight.
11.35 Friday Night ... Saturday Morning, part 2.

### LONDON

9.35 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 100 per cent Responsibility. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Taff Acre. 2.00 After Noon Plus: presented by Elaine Grand and Simon Reed who visits the Channel Island of Alderney to talk to John Arlott, wine connoisseur, author and raconteur. 2.45 Friday Matinee: Paul Shenar and Barbara Bach in "The Mask Of Alexander Cross." 4.15 Tweety Pie. 4.20 Storybook International. 4.45 Spectrum. 5.15 White Light: "Community Call-up?" presented by James Maw.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 Thames Sport.
7.00 The Amazing Spiderman.
8.00 Bruce Forsyth's Play Your Cards Right.
8.30 That's My Boy.
9.00 The Gentle Touch, starring Jill Gascoine.
10.00 News.
10.30 Soap.
11.00 The London Programme: What Chance for Scarman?
11.35 Police 5 with Shaw Taylor.
11.45 "Strumpet City," starring Peter O'Toole.
12.45 am Close: Personal Choice with Captain Brian Calvert.

† Indicates programme in black and white

All Regions as London except at the following times:—

#### ANGLIA

... Fit For Living. 1.20 Anglia News. ... Housecarty. 2.25 Friday Matinee: "Panic In The City" ... of Part One. 6.00 About Anglia. 11.00 Members Only. 11.30 ... Film: "The Oklahoma Kid." It's All In The Opera.

#### ATV

... Fit For Living. 1.20 ATV News. 2.45 Movie Matinee: "Mister ..." 5.15 Here's Boomer. 6.00 ATV ..., including ATV Sport. 10.30 ... 11.00 ATV News. 11.05 ... Three Eves Have It."

#### BORDER

... Fit For Living. 1.20 Border News. ... Matinee: "Mister Jericho." ... 6.00 Lookaround Friday. ... Hollywood. 10.30 Winter... 00 Roots. 11.30 Border News.

#### GRAMPIAN

9.30 am First Thing. 12.30 pm Fit For Living. 1.20 North News. 2.45 Friday Matinee: "Young And Innocent." 5.15 Happy Days. 6.00 North Tonight, including Sports Desk. 10.30 Feature Film: "The Cat." 12.10 am North Headlines.

#### GRANADA

11.54 am The Bubbles. 12.30 pm Fit For Living. 1.20 Granada Reports. 2.00 Live from two. 2.45 Friday Matinee: "Background." 5.15 Survival. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.15 Kinvig. 11.45 The Late Film.

#### HTV

12.30 pm Fit For Living. 1.20 HTV News. 2.45 Modern Madcaps. 2.50 "Sidekicks." 5.15 How's Your Father? 6.00 Report West. 6.30 The Longest River. 10.28 HTV News. 10.30 Report Extra. 11.00 Revenge.
HTV Cymru/Wales—As HTV West except: 10.48-11.03 am Y Byd A'i Bethau. 11.34-11.49 About Wales.

11.50 Cartoon Time. 12.00-12.10 pm Ffalabalam. 1.30-2.00 Happy Days. 4.15-4.45 Plant Yr Yrys. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

#### SCOTTISH

12.30 pm Fit For Living. 1.20 Scottish News Headlines. 2.45 Cartoon. 2.50 Friday Matinee: "Call Mom." 5.15 Take the Stage. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Soap. 11.30 Late Call. 11.35 Jericho.

#### SOUTHERN

12.30 pm Fit For Living. 1.20 Southern News. 2.00 Houseparty. 2.25 "Girl In The Headlines." 5.15 Here's Boomer. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 10.35 "Hammersmith Is Out." starring Elizabeth Taylor.

#### TYNE TEES

9.25 am The Good Word. 9.30 North-East News. 12.30 pm Fit For Living. 1.20 North-East News and Lookaround. 2.45 Friday Matinee: "That's Your Funeral." 4.15 Cartoon Time. 5.15 Clifton House Mystery. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North-East News. 10.32 Friday Live. 12.00 Paris By Night. 12.30 am Poet's Corner.

#### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Fit For Living. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "The Old Man Who Cried Wolf." 5.15 The Adventures of Nick. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 Soap. 11.05 Friday Late Night Movie: "The Long Day's Dying." 12.40 am Faith For Life.

#### YORKSHIRE

12.30 pm Fit For Living. 1.20 Calendar News. 2.45 Friday Film Matinee: "A Piece Of One's Own." 5.15 Here's Boomer. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Calendar Sport. 10.30 Soap. 11.00 The Friday Night Film: "The Promise."

# RADIO

Stereophonic broadcast
‡ Medium Wave

### RADIO 1

As Radio 2. 7.00 Mike Read. ... Bates. 11.30 Dave Lee ... pm Paul Burnett. 3.30 ... 5.45 Roundtable. 7.00 ... 10.00-12.00 The Friday ...

### RADIO 2

... Ray Moore (S). 7.30 Terry ... (S). 10.00 Susannah Simons ... John Dunn (S). 2.00 Ed ... 4.00 David Hamilton (S). ... Sport. 6.00 Much More ... 8.00 Sequence Time at ... 2 Ballroom (S). 9.45 Friday ... Music Night (S). 9.55 Sports ... 10.00 Marks in His Diary. 10.30 ... Crosby Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: C. P. E. Bach (S). 9.50 Lysis (S). 10.35 Music For Worship (S). 11.35 Hamish Milne piano recital (S). 12.15 pm Midday Concert from Henry Wood Hall, Glasgow: part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Concert: part 2 (S). 1.55 The Lute Group (S). 2.20 Now and Then (S). 3.15 Piano Duets (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Piano Music (S). 7.35 Popper and the Open Society. 8.00 London Symphony Orchestra from the Royal Festival Hall, London, part 1: Tippett (S). 8.25 The Living Poet. 8.45 Concert, part 2: Beethoven (S). 10.10 Souvenirs of Chabrier (S). 11.00 News. 11.05-11.15 J. C. Bach (S).

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look at. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 You, the Jury. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please! (S). 4.15 Herbs, Useful Plants. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington. 12.00 News.

# FT COMMERCIAL LAW REPORTS

## Charterer's liability for delay

NEREIDE SpA NAVAGAZIONE v BULK OIL INTERNATIONAL LTD

House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Scarman, Lord Roskill and Lord Brandon of Oakbrook): November 19 1981

**WHERE A charterer fails to carry out his obligation under a charterparty to procure a berth for loading the chartered vessel, with the result that no berths are available when the vessel arrives, he shall be liable for the delay so caused and cannot claim the protection of a clause in the charterparty exempting him from liability if delay is due to something over which he has no control.**

* * *

The House of Lords so held when allowing an appeal by Nereide SpA Navagazione, shipowners, against a decision of the Court of Appeal (Lord Justice Lawton, Lord Justice O'Connor and Lord Justice Fox, April 2 1981), and restoring the decision of Mr Justice Mocatta in the Commercial Court that Bulk Oil International Limited, charterers, were liable for demurrage in respect of a chartered vessel, the Laura Prima.

*

Clause 6 of the Exxonvoy 1969 form of charterparty provides: "Notice of Readiness. Upon arrival at . . . port of loading . . . the master . . . shall give the charterer . . . notice . . . that the vessel is ready to load . . . cargo, berth or no berth, and laytime . . . shall commence upon the expiration of six hours after receipt of such notice, or upon the vessel's arrival in berth . . . whichever first occurs. However, where delay is caused to vessel getting into berth after giving notice of readiness for any reason over which charterer has no control, such delay shall not count as used laytime."

Clause 7 provides: "Hours for Loading and Discharging . . . Time consumed by the vessel on moving from loading or discharge port anchorage to her loading or discharge berth . . . will not count as used laytime."

Clause 9 provides: "Safe Berthing-Shifting. The vessel shall load . . at any safe place or wharf, or alongside vessels . . . reachable on her arrival, which shall be designated and procured by the charterer. . . ."

LORD ROSKILL said that under the terms of a charterparty the chartered vessel, the Laura Prima, was to load at one safe berth in Libya, with a total laytime of 72 hours. The charterparty was in the Exxonvoy 1969 form, the standard clauses of which had been wholly unamended.

The Laura Prima arrived at her Libyan port, and gave notice of readiness as required under clause 6 of the charterparty. That notice expired six hours later. She could not, however, proceed to a loading berth for approximately nine days because all possible berths were occupied by other vessels.

The shipowners claimed that as the 72 hours' laytime was to start to run on expiry of notice of readiness, the Laura Prima came on demurrage 72 hours after expiry of that notice, and that she remained on demurrage until several days later when loading was eventually completed. They claimed demurrage against the charterers amounting to $355,451. In the alternative they claimed damages for detention of the vessel on the ground that the charterers were in breach of their obligation under clause 9 of the charterparty to procure a safe berth.

The charterers claimed that they were protected against those claims by the last sentence of clause 6, in that the delay was caused by congestion in the loading port, over which they had no control, and that accordingly the 72 hours' laytime did not start to run on expiry of the notice of readiness.

*

The dispute was referred to arbitrators who failed to agree. The umpire found as a fact that the sole cause of the delay was the unavailability of a berth due to the presence of other ships for which the charterers were not responsible, and he rejected the shipowners' main claim for demurrage on the ground that clause 6 clearly protected the charterers. He also found that the charterers were in breach of their obligation under clause 9 to designate and procure a berth reachable on the vessel's arrival, but that they would offset the time lost during the delay period against any resultant claim for damage, because under clause 6 they were exempted from counting that as lay-time.

The umpire stated his award in the form of a special case which was argued before Mr Justice Mocatta, who held that demurrage ran from the time contended for by the shipowners. He rightly did not deal with the alternative claim for damages.

The charterers appealed to the Court of Appeal, which reversed Mr Justice Mocatta's decision and restored the umpire's award on the ground that clause six provided direct protection against the demurrage claim and indirect protection against a claim for damages for breach of clause nine. That decision was the subject of the present appeal.

The shipowners' argument, which was accepted by Mr Justice Mocatta, was that only clause six applied and protected the charterer by preventing lay-time from running, if the charterers pursuant to their obligations under clause nine, had designated and procured a safe place or wharf or vessels reachable on arrival. Only then, if some intervening event occurred causing delay over which the charterers had no control, did the last sentence of clause six apply to protect them.

The same point might perhaps be expressed in slightly different language. Did "berth" in the penultimate line of clause six mean a berth which had already been designated and procured by the charterers in accordance with their oblagations under clause nine? If it did, then the reasoning of the Court of Appeal was wrong.

The charterers' argument involved reading "berth" in the penultimate line of clause 6 as "any berth," and not the "designated and procured berth" required under clause 9. But it was axiomatic that clauses in charterparties, as in other contracts, must be construed as a whole, and it was impossible to ignore the opening words of clause 9 in construing the penultimate line in clause 6. The construction which his Lordship favoured was strongly supported by the last sentence of clause 7. There the reference to "loading or discharge berth" must surely mean the "designated and procured berth," for it was to that berth that the ship would then be moving.

Mr Evans QC, for the charterers, sought to escape from that construction by arguing that the berth did not have to be immediately reachable on arrival. It was enough, he said, if it could be reached after arrival, provided the delay in reaching the berth was not such as would frustrate the charterparty.

That argument failed. "Reachable on arrival" was a well-knowo phrase, and meant precisely what it said. If a berth could not be reached on arrival, the charterers were in breach of their obligation under clause 9 unless there was some relevant protecting exception. The berth was required to have two characteristics: it had to be safe and it also had to be reachable on arrival.

Properly construed, clauses 6 and 9 were not in conflict, and were complementary to one another. The judgment of Mr Justice Mocatta was correct, and the appeal should be allowed.

Lord Diplock, Lord Fraser, Lord Scarman and Lord Brandon agreed.

*For the shipowners: Kenneth Rokison QC and Bernard Rix QC (Richards, Butler and Company).*

*For the charterers: Anthony Evans QC and Stephen Tomlinson (Norton Rose, Botterell and Roche.*

**By Rachel Davies**
*Barrister*

## RACING

BY DOMINIC WIGAN

IT WILL be interesting to see if a return to Ascot brings about any rejuvenation in Derring Rose's enthusiasm today.

By far and away the country's best staying hurdler on his day, the Uplands six-year-old was seen in his most favourable light when recording a phenomenal performance at the Festival meeting.

His feat in putting 30 lengths between himself and Celtic Isle from a point half way up the run in to the final flight and the winning post in the Waterford Crystal Stayers Hurdle was one of the most remarkable seen at Cheltenham.

However, there is a very different side to Derring Rose's syle of racing and this he showed in the Kirk and Kirk Hurdle on his initial run last season. Mulish from the outset, Derring Rose got his own way between the fifth and sixth flights, pulling up after trying to refuse on at least two occasions.

It is in that Kirk and Kirk event, under its new title of the Knights Royal Hurdle, that Derring Rose returns to Ascot this afternoon to face the starter after another campaign initiated on a similarly moody note at Newcastle.

Although I would not care to put money behind the belief that Derring Rose will respond on the right note this afternoon, the odds are in favour of that happening.

In the seven-runner Hurst Park Novices' Chase, King Ba Ba looks the one to be on after his third place behind Fifty Dollars More and Connaught Ranger at Newbury earlier this year.

Half an hour later Marshal Night should be back on the winning trail with a victory in the Charles Davis Handicap.

**ASCOT**
1.00—Dumper
1.35—King Ba Ba**
2.05—Marshal Night***
2.35—Derring Rose

**AYR**
1.45—Jazzman
2.15—Leirum
3.15—Slasher*

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 15 % | Grindlays Bank | ‡15 % |
| Allied Irish Bank | 15 % | ■ Guinness Mahon | 15 % |
| American Express Bk. | 15 % | ■ Hambros Bank | 15 % |
| Amro Bank | 15 % | Heritable & Gen. Trust | 15 % |
| Henry Ansbacher | 15 % | ■ Hill Samuel | §15 % |
| Arbuthnot Latham | 15 % | C. Hoare & Co. | †15 % |
| Associates Cap. Corp. | 15 % | Hongkong & Shanghai | 15 % |
| Banco de Bilbao | 15 % | Knowsley & Co. Ltd. | 15½ % |
| Bank Hapoalim BM | 15 % | Lloyds Bank | 15 % |
| Bank of Cyprus | 15 % | Mallinhall Limited | 15 % |
| Bank of N.S.W. | 15 % | Edward Manson & Co. | 16 % |
| Bank Street Sec. Ltd. | 16 % | Midland Bank | 15 % |
| Banque Belge Ltd. | 15½ % | ■ Samuel Montagu | 15 % |
| Banque du Rhone et de la Tamise S.A. | 15½ % | ■ Morgan Grenfell | 15 % |
| Barclays Bank | 15 % | National Westminster | 15 % |
| Beneficial Trust Ltd. | 16 % | Norwich General Trust | 15 % |
| Bremar Holdings Ltd. | 16 % | P. S. Refson & Co. | 15 % |
| Brit. Bank of Mid. East | 15 % | Roxburghe Guarantee | 15½ % |
| Bristol & West Invest. | 17 % | E. S. Shwab | 15 % |
| ■ Brown Shipley | 15 % | Slavenburg's Bank | 15 % |
| Canada Perm't Trust | 15½ % | Standard Chartered | ■15 % |
| Cavendish G'ty T'st Ltd | 15½ % | Trade Dev. Bank | 15 % |
| Cayzer Ltd. | 15 % | Trustee Savings Bank | 15 % |
| Cedar Holdings | 15 % | TCB Ltd. | 15 % |
| ■ Charterhouse Japhet | 15 % | United Bank of Kuwait | 15 % |
| Choulartons | 16 % | Whiteaway Laidlaw | 15½ % |
| Citibank Savings | ¶15 % | Williams & Glyn's | 15 % |
| Clydesdale Bank | 15 % | Wintrust Secs. Ltd. | 15 % |
| C. E. Coates | 15½ % | Yorkshire Bank | 15 % |
| Consolidated Credits | 15½ % | | |
| Co-operative Bank | *15 % | | |
| Corinthian Secs. | 15 % | | |
| The Cyprus Popular Bk. | 15 % | | |
| Duncan Lawrie | 15 % | | |
| Eagil Trust | 15 % | | |
| E. T. Trust Limited | 15½ % | | |
| First Nat. Fin. Corp. | 18 % | | |
| First Nat. Secs. Ltd. | 18 % | | |
| ■ Robert Fraser | 15 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13¼% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
¶ 21-day deposits over £1,000 14%.
|| Mortgage base rate.



## COMPANY NOTICES

**Consolidated Gold Fields Limited**

**NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER**

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Company will be held at 49 Moorgate, London, E.C.2. on Wednesday, 9th December, 1981, at 10.30 a.m. for the purpose of appointing a Director, notice having been given to the Company of the intention to move the following Resolution as an ORDINARY RESOLUTION at the Meeting:—

**RESOLUTION**

THAT Mr. Plato Malozemoff, who attained the age of 72 years on the 26th day of August, 1981, be hereby appointed a Director of the Company.

By Order of the Board
P. F. G. ROE
*Secretary.*

20th November, 1981.
*Registered Office:*—49 Moorgate, London EC2R 6BQ.

**Note**
**Holders of share warrants to bearer who wish to be present or represented at the meeting may obtain the necessary information regarding the formalities to be complied with from 49 Moorgate, London EC2R 6BQ.**

**EUROFIMA 1978/1988 8¼% US$ 40,000,000**
**(Société Européenne pour le Financement de Matériel Ferroviaire)**

Notice is hereby given to Bondholders of the above loan that the amount redeemable on January 15, 1982, i.e. US$ 1,000,000 was bought on the market.

Amount outstanding: US$ 38,000,000

Luxembourg, November 20, 1981

*The Fiscal Agent*
KREDIETBANK
S.A. Luxembourgeoise

**TIGER OATS AND NATIONAL MILLING COMPANY LIMITED**
(Incorporated in the Republic of South Africa)
NOTICE TO 5.5 PER CENT CUMULATIVE PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that Dividend No. 75 of 5.5% per annum, for the six months ending 31st December, 1981, equivalent to 5.5 cents per R2 share, has been declared payable to holders of 5.5 per cent cumulative preference shares, registered in the books of the company at the close of business on the 4th December, 1981.

The dividend is declared in the currency of the Republic of South Africa and warrants will be posted, by the company's transfer secretaries in South Africa and in the United Kingdom, on or about the 1st February, 1982.

Dividends payable from the United Kingdom will be paid in United Kingdom currency. Shareholders paid from the United Kingdom will receive the sterling equivalent of the rand currency value of their dividend on 22nd January, 1982, less appropriate taxes.

The transfer books and registers of members will be closed from the 5th to the 11th December, 1981, both days inclusive.

The dividend is subject to the deduction of 14.2961 per cent Non-Resident Shareholders' Tax in the case of those shareholders whose addresses are outside the Republic of South Africa.

By Order of the Board
B. P. STEELE, Secretary
London Office: 40 Holborn Viaduct, London EC1P 1AJ.
19th November 1981
United Kingdom Office of the Transfer Secretaries: Charter Consolidated P.L.C. P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

**BANCO DE LA NACION**
**US$25,000,000**
**Floating Rate Notes due 1986**

In accordance with the terms and conditions of the above Notes, notice is hereby given that for the period November 16th, 1981, to May 17th, 1982, the Notes will carry an interest rate of 14⅝%.
The amount payable per US$100,000 nominal will be US$7,393.56.

BANQUE INTERNATIONALE A LUXEMBOURG
S.A.
Fiscal Agent

**KONISHIROKU PHOTO INDUSTRY CO. LTD.**

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that copies of the above Company's Annual Report for the year to April 20, 1981 are available at the office of the Depositary, The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD, and at the Depositary's Agent, Chase Manhattan Bank Luxembourg S.A., 47, Boulevard Royal, Luxembourg. Copies are also available at the office of the Paying Agent, Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg.

THE CHASE MANHATTAN BANK, N.A.
London, as Depositary.
November, 1981.

**BRAZILIAN INVESTMENTS S.A.**
**Sociedade de Investimento—Decreto Lei No. 1401**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 7th Annual General Meeting of the shareholders of BRAZILIAN INVESTMENTS S.A., Sociedade de Investimento, Decreto Lei No. 1401, will be held at Avenida Rio Branco No. 138, 14th floor, Rio de Janeiro, Brazil, on Monday, 30th November, 1981, at 03.00 p.m., for the following purposes:

1. To receive and consider the Directors' Report and Accounts for the Company, and the independent auditors' opinion thereon, for the year ended 30th September, 1981;
2. To declare a final dividend of 520 per cent;
3. Election of the members of the Administrative Council;
4. Election of the members of the Advisory Council;
5. To establish the remuneration of the Directors;
6. To authorise the Directors to establish the remuneration of the Auditors;
7. To discuss any other business.

By Order of the Board
Geoffrey Ainsworth Langlands
President of the Administrative Council

Rio de Janeiro
9th November, 1981.

Holders of International Depositary Receipts (IDR's) issued by Morgan Guaranty Trust Company of New York who wish to have the underlying Brazilian Investments S.A. shares voted at the above meeting must deposit their IDR's not later than 25th November, at any of the paying agents listed below:

Morgan Guaranty Trust Company of New York in Brussels—35 Avenue des Arts; in New York—23 Wall Street, New York, New York 10015; in London—33 Lombard Street, London EC3P 3BH.

Together with instructions indicating the way the shares be voted or allowing Morgan Guaranty Trust Company of New York to give a discretionary proxy to a person designated by the Company.

The Report and Accounts for the year ended 30th September, 1981, are available on request at the offices of the above paying agents.

**5½% CONVERTIBLE DEBENTURE LOAN 1980 US $15,000,000**
**GIST-BROCADES N.V.**

In accordance with Article 3 of the Trust Deed the undersigned announces that the redemption per 1st January 1982 will amount to US $337,000. 601 purchased debentures of US $1,000 will be used for redemption and 336 debentures of US $1,000 have to be designated for redemption by drawing. The drawing will take place on 23rd November, 1981. Up to 1st November 1981 a total of 2,998 debentures, not drawn for redemption, were converted, and a total of 2,641 debentures were redeemed. Consequently, the principal amount of the debentures outstanding is US $9,361,000.

Rotterdam.

11th November 1981.
B.V. ALGEMEEN ADMINISTRATIE- EN TRUSTKANTOOR
Willemsweg 87-89,
3011 WK Rotterdam.
The Netherlands.

**CHILEAN GOVERNMENT LONG TERM DEBT LAW NO. 5580**

CHILEAN GOVERNMENT
4½% BONDS 1893

Midland Bank Limited announce that the redemption instalment for the sinking fund of 1st January 1982 has been met by a drawing of Bonds to the nominal value of £2,200.

The distinctive numbers of the bonds drawn in the presence of a Notary Public are as follows:

Serial Numbers—£100
527, 544, 1024, 1063, 1151, 4454, 4613, 5010, 5021, 5035, 5078, 5045

Serial Numbers—£20
19

The above bonds payable on and after 1st January 1982 should be presented at Midland Bank Limited, ... Exchange Services Department ... on which date interest will cease. Coupons subsequent to 1st January 1982 attached to the bonds ... will be deducted from the principal ...

MIDLAND BANK LIMITED
... Exchange Services Department
Mariner House,
Pepys Street,
London EC3N 4DA.

# APPOINTMENTS

# Chairman

CIVIL AVIATION AUTHORITY

- THE AUTHORITY is both a public service enterprise and a regulatory body with widespread responsibilities in civil aviation matters, both domestic and international. These include safety, air traffic control, and economic regulation through licensing services and approving air fares. Income is around £150m and staff numbers exceed 7,500.

- A SUCCESSOR is sought to Sir Nigel Foulkes, whose term of office expires in February 1982. Responsibilities embrace the co-ordination and direction of the Authority's services, its management as an efficient business enterprise, and participation in hearings of licensing applications. The appointment is made by the Secretary of State for Trade; it will involve commitment for about three days a week.

- THE REQUIREMENT is for a record of outstanding achievement in the private or public sectors with emphasis on the leadership of a major enterprise with strong technical connotations.

- PREFERRED AGE fifties. Remuneration for discussion dependent on the extent of commitment agreed.

Those men or women who would like to be considered are invited to write in complete confidence to R.T. Addis as adviser to the Department of Trade.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET • LONDON W1N 6DJ

## PERSONAL

**Remember a departed friend**

with a tribute that blooms in lasting happiness for old people. There is no more fitting memorial to a loved name than to link your regard with enduring work for the lonely or frail.

Every £ you give towards a Day Centre of medical assistance among elderly people in great need achieves a great deal, thanks to volunteers all over Britain. Please send your gift with the name you wish to commemorate to:

The Hon. Treasurer
The Rt. Hon. Lord Maybray-King
Help the Aged, Room FT1NM
32 Dover Street, London W1A 2AP

DIAL-A-PERFUME—That gift for someone special that says it all. Same day delivery in London. 01-584 1950.

## EXHIBITIONS

LOOT VII. New Jewellery and Silver. 700 collectable pieces. Adm. free. 10.30-5.30 until Nov. 21. Goldsmiths' Hall, Foster Lane, EC2.

## ART GALLERIES

COVENT GARDEN GALLERY, 20, Russell St., WC2. Christmas Exhibition of 350 Watercolours.

BLACKMAN HARVEY GALLERY, 11, Maiden Avenue, EC2. 726 2505. WATERCOLOURS BY JOHN LYNCH. 18th Nov–4th Dec. Mon.-Fri. 9-5.30 pm.

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. SCULPTURE AND WORKS OF ART. Also a Loan Exhibition of Victorian pictures from the Royal Holloway College. Adm. £1. Until 11 Dec. Mon.-Fri. 9.30-5.30. Thurs. until 7.

ALLANS GALLERY. Probably the only Gallery in London devoted entirely to the Textile Art. Hand embroidered silk pictures for giving and collecting from £2 to £2,500. On the lower ground floor of ALLANS famous silk shop at 56-58, Duke Street, Grosvenor Square, London, W1. Mon.-Fri. 9-6, Sat. 9-1. Brochure 50p on request.

BROWSE AND DARBY, 19, Cork St., W1. 734 7984. SIR ROBIN PHILIPSON—Recent Paintings and Watercolours.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W8. 937 5883. DONALD McINTYRE—Recent Paintings. Until 4 Dec.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORK ON VIEW. Mon.-Fri. 10-5, Sat. 10-1.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. Tel.: 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

LEGER, 13, Old Bond Street. English Watercolour Exhibition including Turner, Towne, White Abbott, Alpe H. S. Ryder... Exhibition. Mon.-Fri. 9.30-5.30.

## PUBLIC NOTICES

**BIRMINGHAM**
**District Council**

**Drop-lock Stock 1986/93**

for the six months from 20th November, 1981 to 20th May, 1982 the interest rate on the above stock will be 15.2500% per annum.

Morgan Grenfell & Co. Limited

CITY OF BIRMINGHAM GAS AND WATER ANNUITIES

NOTICE IS HEREBY GIVEN that in order to prepare annuity repayments due on 1st January 1982 the ANNUITIES REGISTER will be CLOSED from December to 15th December 1981, both dates inclusive.

S. D. LLOYD,
City Treasurer.

The Council House,
Birmingham B3 3AE.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

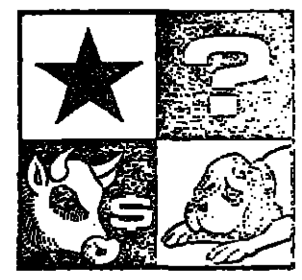
# Why Boston recanted its doctrine of market leadership

BY CHRISTOPHER LORENZ

If you try to visit Alan J. Zakon, it's a two-to-one chance that you'll lose your way in the maze of dead-ends and one-way streets that comprise the business and financial district of the city of Boston, Massachusetts. Once you have struggled through, you will probably then discover that the square in which Dr Zakon's office is situated is not even marked on your map.

For an organisation whose most obvious achievement is its production of simplified strategic "route maps" to help the barons of big business plot their strategy, the headquarters of the Boston Consulting Group is remarkably hard to find. But then many of its detractors have maintained for years that, after lots of expensive analysis, its famous curves and matrices tell you where you are and give you some idea of where you should go next, but fail to help you get there.

In the past few years, in almost direct inverse proportion to an unprecedented boom in BCG's business, has come growing criticism that its maps are so over-simplified that a company can drive itself into a dangerous dead-end by following their directions.



Zakon naturally rejects such an allegation, but in a *sufficiently qualified way to* indicate that BCG has indeed reacted to it—as well as to the radical changes in the business environment since the early 1970s—by applying its once universal dogma more selectively, and by refining the concepts.

The most evident change occurred several months ago, when BCG announced it had "added to its bag of tools," as Dr Zakon puts it, a new matrix which gets away from the old overwhelming preoccupation with growth and market share, and instead categorises businesses and industries according to two criteria: size of competitive advantage and the number of ways this can be achieved (the concept is described in the illustration).

Unlike the old matrix, the new one can be applied to specialised, even single-product companies, as well as those with a broad portfolio. But even for a diversified group it represents an advance, by taking more account of the very varied competitive environments in which *different businesses operate.*

Several of BCG's own competitors moved in this direction some time ago, initially McKinsey and more recently Professor Michael Porter of the Harvard Business School, whose best-seller "Competitive Strategy"* was published last year and can now be spotted in top executives' offices all across the U.S. But BCG claims its new approach is simpler, more precise and therefore more valuable than those of its competitors.

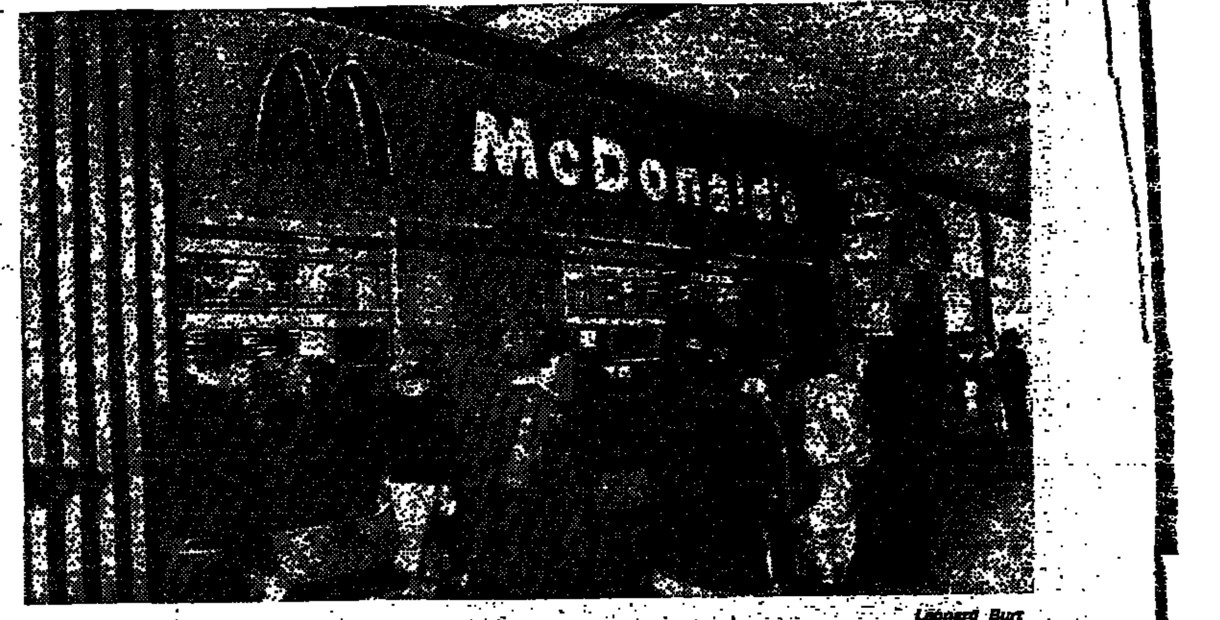
The brochure which BCG has just published to describe its latest work makes no bones about the old growth/share matrix.** It "made a major contribution to strategic thought," but "today it is misused and over-exposed. It can be a helpful tool, but it can also be misleading or, worse, a straitjacket." In what BCG calls "stalemate" and "fragmented" industries — two of the quadrants of the new matrix—the group concedes that high market share or relatively low costs "may not be exceptionally valuable" and in specialised businesses, which form one of the other quadrants, it admits that "focus and superior brand image may be more rewarding than mere size."

All this does not mean that BCG has caved in to all the criticism of the growth/share matrix. Many of its clients are still in the "volume" box of its new grid, where the group would argue that most of the old precepts still apply. Nor has it changed its "bag of tools" overnight: Dr Zakon claims it has been "wrestling" against over-concentration on market share for a decade.

So why the growing barrage of criticism of BCG's concepts? Has it been based on inadequate public understanding of how the group has actually applied its portfolio matrix with clients in private in contrast with some of the publicity material, or are Zakon and his colleagues being wise after the event? The article below assesses both sides of the argument.

* *Competitive Strategy. Techniques for Analysing Industries and Competitors. By Michael E. Porter. Free Press, a division of Macmillan Publishing. Price $15.95.*

** *The Boston Consulting Group. Annual Perspective 1981. Available from offices in Boston, San Francisco, Chicago, London, Munich, Paris, Tokyo.*



Leonard Burt

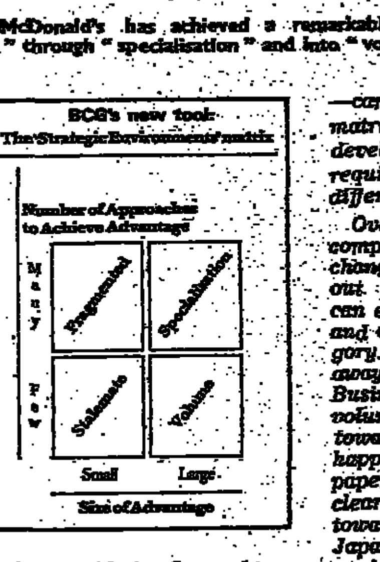
In terms of BCG's new matrix, McDonald's has achieved a remarkable success with its move from "fragmentation" through "specialisation" and into "volume."

### HOW BCG EXPLAINS ITS NEW MATRIX

*The strategy requirements of any business are ruled by the competitive environment and the potential for change in that environment. Two factors in particular give one a sense of the nature of that environment. The first is the size of the advantage that can be created over other competitors. The second is the number of unique ways in which that advantage can be created. The combination of the two gives a sense of the long-term value of a business and dictates the strategy requirements.*

*There is a fundamental difference between businesses in which the size of the potential advantage that can be created by a competitor over all other competitors is large, and those in which it is small. There is also a basic difference between businesses that offer only one of a few ways to achieve advantage, and those that present several ways.*

*These two factors—the size of the advantage and the number of ways it can be achieved—can be combined into a simple matrix to help guide strategy development. The specific requirements for success are different in each quadrant.*




*Over time, the nature of the competitive environment can change. Businesses that start out in fragmented industries can evolve toward specialisation and even on to the volume category. McDonald's did this in away-from-the-home eating. Businesses that start out as volume businesses can migrate towards stalemate. This has happened to much of the world's paper industry. Others that were clearly volume have moved toward specialisation, as some Japanese and European companies have preyed to the large U.S. auto makers. Some have remained volume businesses by going toward world scale economics, as Caterpillar has shown in construction equipment.*

## The penalties of over-simplification

THE MOST obvious criticism which has been directed at the Boston Consulting Group is one from which virtually every management consultancy has suffered since the word consultant was first invented: "You're strong on advice, but weak on implementation." In other words, "You walk away just when the going gets tough."

All too frequently, this attack is justified. To some extent, the BCG growth share matrix must be exempted from blame, since it is by definition largely a diagnostic tool, and far less prescriptive than the work offered by many other consultancies. "The portfolio is of no direct value to implementation, and no one ever said it was," says one senior BCG consultant.

On the other hand, the group vehemently denies that this implies it is not prepared to remain with its clients to help develop and implement solutions once the matrix diagnosis has been done. Anthony Habgood, one of chief executive Alan Zakon's three colleagues on BCG's management committee, says two of his own clients are companies with which he has been working for seven years.

Zakon himself estimates that 70 per cent of the group's total business is with clients with whom it has worked "pretty steadily" for over 10 years. "A consulting assignment is not successful unless the client is successful," he declares with admirable worthiness.

*More significant than this* general sniping have been the second category of complaints about BCG's attitude to "dog" businesses—those with low market share, in low growth markets, and with near-negative or negative cash flows.

The often-repeated statement by BCG's founder and chairman, Bruce Henderson, that "dogs are essentially worthless" seemed fine in the days when growth was aplenty and the fashion was for diversification-through-acquisition. But even before world growth began to slow in the wake of the 1973 oil crisis and amid the ensuing bout of economic recessions, companies were beginning to realise that the way BCG suggested dogs should be treated was often misleading or impractical.

Not only did many dogs continue to prosper—albeit moderately—but it frequently proved difficult to get rid of the duds. There was also increasing recognition of the obvious: that, in an era of low growth, "stars" and "cash cows" will be hard to find, and that a high proportion of many companies' portfolios—in some unfortunate cases the whole lot—will by definition be "dogs."

One of the most stinging public attacks on the "eliminate dogs" approach was delivered by Richard Hamermesh and Stephen Silk, respectively Harvard academic and General Foods manager. Writing in the Harvard Business Review for September/October 1979, they demonstrated that it is often possible to compete successfully and earn high returns in a wide range of stagnant industries.

### Canine

Pointing to economic trends, they forecast "a tremendous need" for more managers who can lead such businesses effectively. This theme has since been echoed in a flood of other articles.

It is against this background that BCG has now coined the phrase "cash dog" as distinct from the worthless canine variety. The term had received little public exposure until our publication of the article by Michael Goold, a Boston vice-president, in this series on November 13. It has inevitably provoked wry chuckles from many sceptics, but it certainly shows that BCG's thinking has moved with the times.

Dr Zakon readily concedes to the attack that the portfolio matrix did rest partly on the commodity-like assumption that anything in the dog quadrant was bad, just as anything in the star or cash cow boxes was good. But he maintains that "this was not the way our consulting work was actually being done."

Habgood responds in similar fashion to the third major criticism of BCG: that it encouraged a mistaken belief among companies that market share was usually of overwhelming importance to their competitive position, cash flow and profitability. It is not for some years, he claims, that the group's consultants have used the concept of market share in straightforward fashion as a proxy for a company's competitive position.

This may be true, but it was not until after 1976 that BCG's official literature replaced the term "market share" as the horizontal axis of its matrix with the current "competitive position."

Nor did the group's literature point out with sufficient frequency and emphasis that it was no good a company going for share in a market it did not understand, nor one where it had no significant cost advantage. Many a failed diversification project has rested on the mistaken belief in "management by numbers" which BCG's theories encouraged.

On the other hand, it would be unfair to accuse BCG of sole responsibility for the false religion of market share that gained so many converts in the late 1960s and 1970s. By the time it came on the scene, the ground was being well and truly prepared by the development of a database known as PIMS (Profit Impact of Market Strategy). Originally developed at U.S. General Electric, it was later spun off as a separate enterprise, and its computer analyses influenced many large companies.

In retrospect, Alan Zakon feels that a further factor behind the business world's overwhelming concentration on market share was BCG's decision to quantify both axes of its matrix. It had been formulated by him in 1967 as a simple graphic aid to help a corporation understand its strengths and weaknesses, and to suggest the sort of balanced portfolio of businesses at which it should aim. Yet within two years it quantified both the market share axis and the vertical one (market growth), thus encouraging corporate planners and other fans of so-called "scientific management" to formulate all sorts of supposedly precise equations.

Rather than going in for quantification, BCG might have done better to emulate McKinsey, GE and Shell, which developed a simple three-by-three matrix with the centre boxes representing the grey areas between the extremes of "high" and "low." William Rothschild, a senior planner at GE, is convinced that "to get guys to do anything, you have to make things simple."

Zakon admits that the concept of "industry attractiveness" which was used in this three-by-three matrix (which he credits to McKinsey), was a step forward. But, like Professor Porter, he complains that it was originally so loosely defined that it often led companies to excessively subjective conclusions. He sees BCG's new grid as providing "a reasonably precise definition of what will be attractive and what not." For its part, McKinsey can claim that its type of matrix has been made more precise since its initial introduction by the addition of quantification techniques — though again this has many attendant dangers.

The easiest reply to allegations that BCG's market share dogma was misleading would be the classic argument that "it all depends on how you define the market, and whether you segment it in the right way." In other words, a company with a low share of a wide market may be transformed into the leader at the stroke of a pen if you split the market into small segments.

### Paramount

To some extent, this is obviously true. But BCG commendably confronts the criticism head-on. Its new brochure effectively admits that all the changes in the international business environment since the early 1970s have narrowed the value of the growth/share matrix down to particular industries, businesses and competitive situations. And Anthony Habgood adds several specific reasons for the fall in the proportion of companies where relative market share is of paramount importance. They include:

● The slowdown in growth since 1973 has put a brake on the previous trend in process industries towards increasing scale. Together with the increase in transport costs, this has given more scope to regional and other small-scale competitors.

● The growth of private label consumer products has encouraged the development of the higher-priced segments of branded goods. This has resulted in greater specialisation of manufacture, again giving added advantage to specialised producers.

● More generally, as a business grows mature, groups of customers who have become familiar with it or have developed their own expertise, are prepared to accept a lower level of service than the market leader feels obliged to provide. Some of the "plug compatible" computer makers compete with IBM not by being cheaper at manufacture, but by eliminating some of the extra services, says Habgood. Equally, Laker eliminated many of the overheads involved with transatlantic air travel, and was able to compete profitably—for a time—with a low market share.

● Customers become more familiar with the product or service as growth slows, so that they develop "differential demands." Again, this favours the specialist, or the operator with low overheads.

Whether or not one accepts these explanations, there is no doubt whatever that a further reason for the decline of market share dogma has been the combination of inflation and slow growth or recession. In the old days, it was assumed that the market leader could also lead market prices. Just ask British Airways or TWA about that in the present chaotic state of the North Atlantic run!

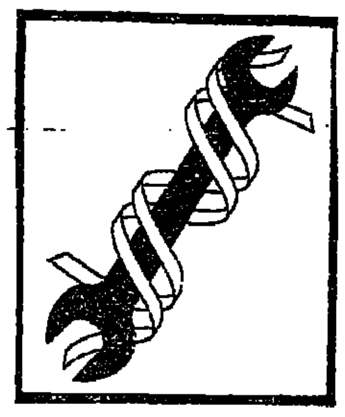
This is all a far cry from the heady days of a decade ago when BCG and its growth/share matrix were enjoying their first flush of youth. The matrix has certainly not been abandoned. But a few months ago, BCG abolished the traditional special session of the group's conferences for clients which has been devoted to the matrix. Now, much of the emphasis is on BCG's new, highly differentiated, approach to analysing competitive advantage and strategic opportunity.

A sign of BCG's sensitivity about the past may be its decision to avoid using the term "matrix" in the title of its new "tool"—though matrix is precisely what it is. Perhaps it is to avoid being type-cast again this time around. It should have followed McKinsey's lead in abandoning close identification with any particular technique. To use BCG's own jargon, a "star" technique can so easily become a "dog" with which its progenitor is lumbered for years to come.

*A series of Management Page articles on strategic management and planning, including case studies on companies such as Shell, Ciba-Geigy and Reed International is now available as a booklet. From Diana Twitter, FT Publicity Department. Price £3 including p and p. Payment to be enclosed with order.*

# TECHNOLOGY

EDITED BY ALAN CANE



# Hoechst braves home fury to invest abroad

BY DAVID FISHLOCK, SCIENCE EDITOR

HOECHST makes no bones about it: the group is deliberately investing overseas in its efforts to keep abreast of developments at the frontiers of biotechnology.

It has committeed $30m (this year's prices) to a 100-man 10-year research effort at Harvard University, and is planning an expansion of its research in Japan.

West German scientists are furious that Hoechst—one of Germany's biggest industrial patrons of science — will not sponsor biotechnology research in their universities or Max Planck institutes.

But Professor Hansgeorg Gareis, who persuaded the Hoechst board to approve the U.S. investment, says, bluntly, that Germany is not at the forefront of this branch of science. He estimates that about 80 per cent of the biochemists left Germany in the 1930s.

"The intellectual density in Boston is much higher than anywhere in Europe, and especially in Germany," Prof. Gareis says. He is head of Hoechst's pharmaceuticals division, the world's biggest manufacturer of drugs.

Although drugs account for only 17 per cent of the group's turnover, they absorb nearly 40 per cent of its research investment. At £110m last year, pharmaceutical research amounted to nearly 12 per cent of the group's world sales of drugs.

The story of the investment in Harvard began with the arrival in Frankfurt of Professor Howard Goodman, the eminent Californian molecular biologist, with, as he claimed, "a beautiful idea."

This was simply that Hoechst should sponsor a new research centre at Harvard, with Prof. Goodman at the helm, and Hoechst "genetic engineers" working alongside the academic researchers.

Gareis was gripped with the idea but, with Goodman, first explored the possibility of sponsoring such a research centre at several U.S. universities.

When, finally convinced that Boston should be first choice, he was faced with the problems of selling the idea to his own board and to the Harvard dons.

The dons demanded certain conditions before they would accept Hoechst's largesse. It had to be a long-term commitment, and Harvard had to remain free to pursue research of its own choosing, and to publish results when and where the dons wished. The company would not direct the research programme of the new laboratory.

Hoechst's directors then had to be persuaded that this was the best way of expanding corporate research in genetic engineering. The company, although firmly rooted in the tradition of research, and well represented at board level by scientists, is nevertheless a very conservative one, with no experience of venture capital.

Prof Gareis admits that in Boston Hoechst has made a commitment "with quite a bit of risk in it." Moreover, he personally is being held responsible for the venture. The cost—including an additional $10m-12m towards a new building—comes from the research budget of his division.

But he sees it as a model of how industry-university rela-

Prof Hansgeorg Gareis

tionships can be forged. Hoechst will have exclusive rights to the results of research and it has sponsored itself in the new Department of Molecular Biology, to be directed by Goodman.

But it will have to negotiate with the U.S. Government for rights to any discoveries made with funds from the Massachusetts General Hospital's main research sponsor, the U.S. National Institute for Health (about $30m per year). The company will also vet senior appointments.

Gareis sees it as a "window on the new frontier," the success of which depends on trust on both sides. He will have four of his own PhDs working in the new centre, and will also be expanding his research in genetic engineering, in a new biochemistry building nearing completion in Frankfurt.

In addition, the company is to expand its genetic engineering research in Japan—a nation, Gareis says, is heavily engaged without disclosing too much about its progress.

He remains convinced that such a relationship, backed by a formal contract (which has been made public), would be impossible with the hidebound and highly bureaucratic German university system.

The contract took only eight weeks to negotiate. The public criticism, however, has had the effect of making Hoechst management very familiar with the new venture, as it has frequently been called upon to explain it.

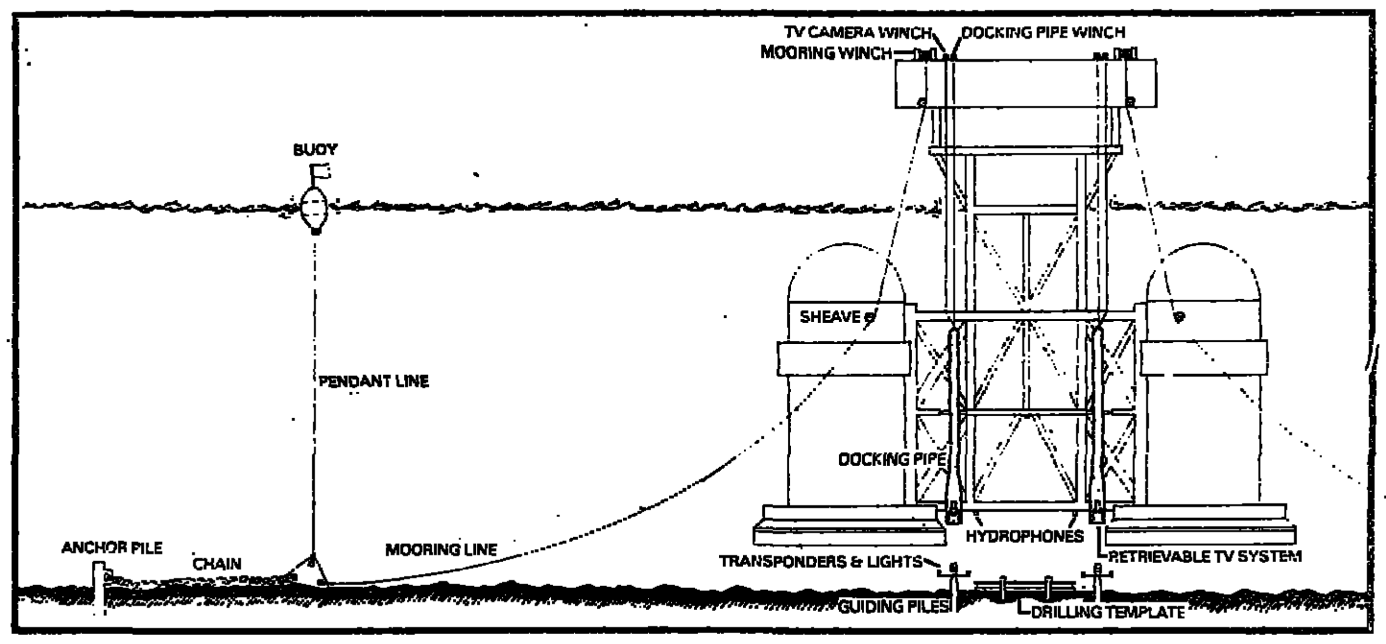
But the Boston investment rests upon four years of research by Hoechst in Frankfurt and Marburg on such targets as insulin, interferon and foot-and-mouth vaccine.

The company first synthesised insulin in the mid-60s but thinks genetic engineering may afford a cheaper route. Prof Gareis puts Eli Lilley 6-12 months ahead of Hoechst in developing genetically engi-neered insulin.

Pure interferon will be a wonder drug" but will ... tainly find therapeutic uses virus infections such as he... zoster (shingles) and ... cancers. And, he believes, researchers are well on the ... to a vaccine for foot-and-m... disease from their researc... Marburg on monoclonal a... bodies.

While drugs are undoubt... driving Hoechst's biotechno... research at present, Prof Ga... believes that in time "h... chemicals" may turn out to... the biggest customer. The g... has a major stake in ... chemicals.

"I'm certain that in the f... seeable future there will b... impact in this area—for in... is without question."




# Phillips and BP develop new skills to claim oil from deep sea fields

BY RAY DAFTER, ENERGY EDITOR

OIL companies are being forced to show increasing technical ingenuity as they venture deeper into the oceans to exploit new fields. Two examples have just come to light in the North Sea—in the Phillips Petroleum Group's Maureen Field and in British Petroleum's Magnus Field.

Phillips is faced with the problem of positioning a 100,000 tonnes concrete and steel platform above a series of wells already drilled. The positioning will require an accuracy of six inches in 314 feet of water.

The operation will have to be carried out in a way that avoids any structural contact between the platform and the steel template surrounding the wells on the seabed.

The positioning of the platform is scheduled for a 72-hour "fine weather window" in the summer of 1983. It will be the first time that the oil industry has attempted to set a heavy, gravity structure above a pre-drilled template.

Phillips aims to accomplish the operation with a minimum of costly support vessels. Because of the high precision required, the positioning will be attempted in two stages: the initial approach will be made using a conventional mooring system; and the final operation will utilise a special guidance system.

On arrival at the site, the towed platform will be moored by four lines to previously installed anchor piles. The towing tugs will centre the structure over the positioning site. Seawater ballasting of the platform's storage tanks—in effect the structure's legs—will then follow.

When the platform is just above the template Phillips will call on a specially-developed guidance system for the final ballasting to the sea bottom. The last positioning operation will be accomplished by means of docking pipes on the platform which have been designed to mate with guide piles installed on the seabed adacent to the template.

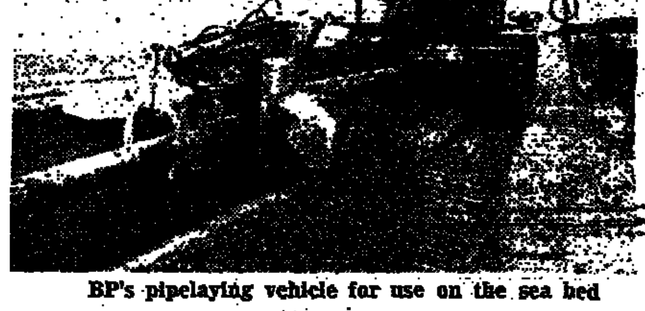
Phillips says that the key to the whole operation will be the instrumentation system. The company will need to know about precise weather and sea conditions, the ballasting process, the behaviour of the platform, and the position of the structure in relation to the template and guide piles.

Four instrumentation systems will be used: an acoustic positioning measurement unit, underwater television cameras, a mooring winch data measurement system, and a process to measure the docking pipe displacement. Inevitably, a computer will be used to process all of the information.

Computer programmes have already been used to check the feasibility of the unique operation. "These studies, backed up by theoretical calculations and experimental tests, have demonstrated both the feasibility and safety of the installation of the Maureen platform over the templa... said Phillips.

The problem confron... British Petroleum engin... is how to lay and bury ... tively small diameter ... lines in the Magnus Fi... The field is the ... northerly in the North ... It is also being develope... some of the deepest w... ever attempted—more ... 600 ft deep.

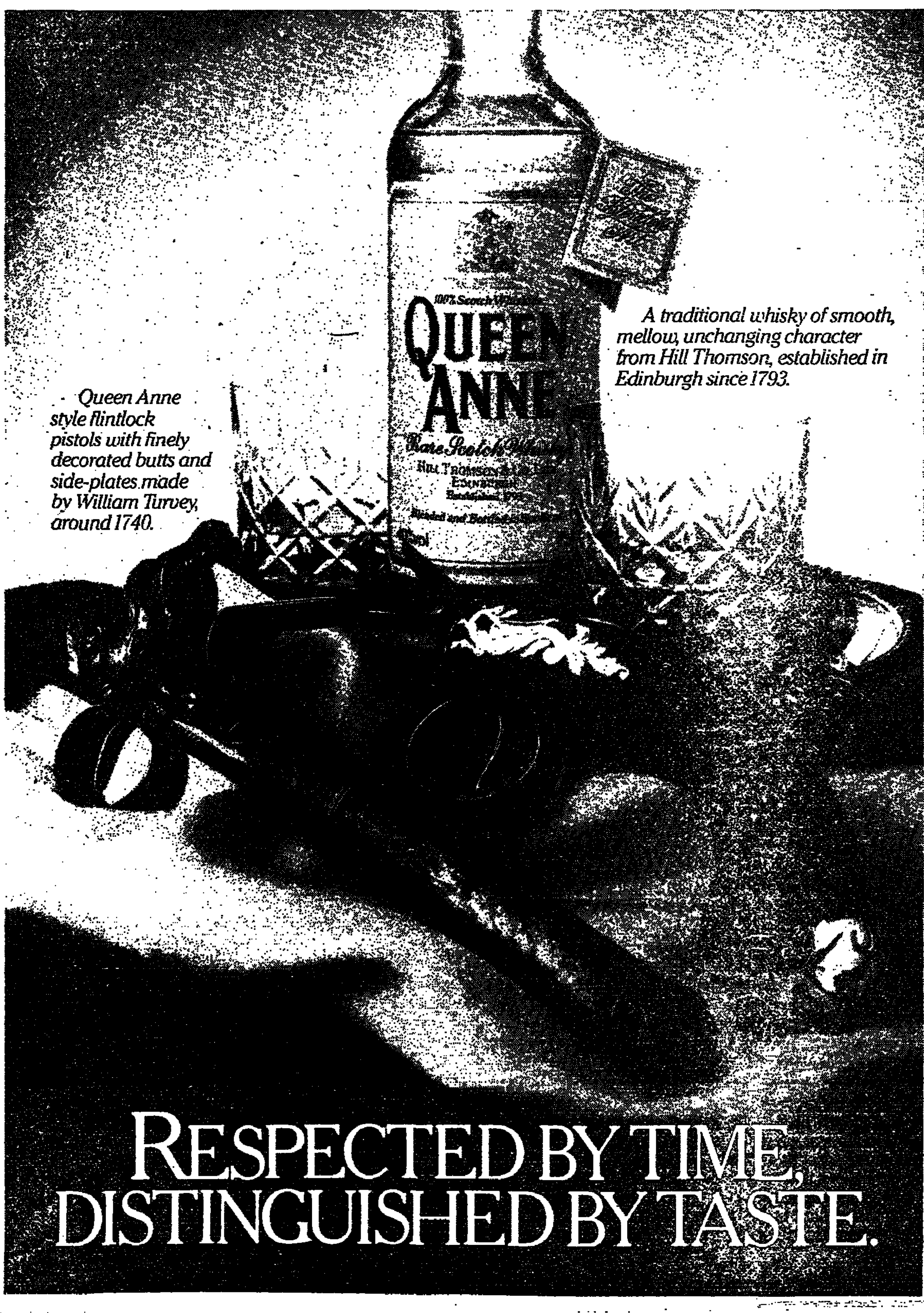
The answer, BP found, ... underwater tracked vel... capable of ploughing a tr... and burying the pipelin...



BP's pipelaying vehicle for use on the sea bed

it trundles across the sea... In recent weeks the veh... has been undergoing test... Falmouth Harbour.

The un-named veh... (Seaslug?) has cost BP a... £1.5m to develop. But ... sum takes on petty ... proportions when set aga... the £1.3bn cost for exploi... the Magnus Field as a wh... The field is due to ... commissioned in 1983.




# Terminals, smart and intelligent

SEVERAL NEW visual display unit products have been announced in the last few days.

In the U.S., Lear Siegler, specialists at the low end of the market, has come up with a microprocessor-based VDU priced in the U.S. at $695. The company describes the unit, designated ADM 21, as "a smart terminal at dumb terminal prices."

All the electronics are on one board and the unit has a non-glare 12 inch tube available in green or white. It can perform full character and line insertion, deletion, erase editing and block mode; it has a printer port.

Visual attributes available include reduced intensity, reverse video, blinking, underlining and blanking. The terminal, via firmware, can be tailored by the company to specific functional requirements or to emulate other makes of terminal.. More on 04867 80666.

Hewlett Packard is launching the HP1000 Model 5 graphics microsystem which is described as making high performance graphics available on a low cost microcomputer.

For industrial use in conjunction with the HP1000 automation system, it can control instruments or machines in real time and provide graphical operating data. More on 061 928 6422.

Designed and built in the UK by Gresham Lion is the Lyme 5500, a display unit which in standard form has a display memory of 16,000 characters presented as eight pages of 24 lines x 80 characters, four pages of 24 lines x 132 characters or any combination of these on a per page basis. Optionally, up to 32 pages can be stored.

Characters are formed on a 12 x 7 dot matrix and can be displayed in single or double width and optionally in eight levels of greyscale.

There are several other options including a 16 x 16 dot matrix, three alternative character sets and protected character fields. More on 01-894 5511.

The new HP 1000 Model 5 Graphics Microsystem: it ... designed to monitor and display real time process ... production data in graphic form

# FINANCIAL TIMES SURVEY

Friday November 20 1981

# Switzerland

## BANKING, FINANCE AND INVESTMENT

The return of inflation — albeit at a rate which countries like Britain would find very tolerable — has thrown the Swiss authorities into mild shock. Their problem is to contain the enemy without inflicting damage on an economy which is already showing signs of sluggishness.

## Inflation poses a dilemma

**By Peter Montagnon**

ᴢRLAND IN 1981 has l into a disease it it had shaken off. ı has returned with a ce.

showing virtually no at all during the late ɔnsumer prices are now t a rate of about 7.5 per year—an inflation rate ıardly seems excessive ısh standards but one s large enough to be with considerable con- Zurich and Berne.

ɔnsequences of this new ı—and of the rather cure imposed by the authorities—have per- all aspects of Swiss ıc and financial life this ı economic terms they ɛly to be felt well into ven though many Swiss believe inflation should gin to abate.

ıderstand the nature of ɔblem now facing the conomy—and the policy as confronting those ɛk to manage it—it is ry to view the present n in the context of ments over the past ɛars.

seeds of the current ı were in fact sown in ıen the appreciation of ɪc reached such a pitch very future of Switzer- ɛxport industry seemed ıed. The Swiss National as forced to abandon all s to control the money and to intervene mas- ın the exchange markets ɔport of the dollar and

result was an explosion money supply which in ɔrt term succeeded in its y objective of stabilising ɛxchange market. The weighted value of the Swiss franc fell from an index value of 170 at the end of 1978 (1974=100) to 165 at the end of 1979 and to 160 at the end of 1980.

The very loose monetary policy also gave a considerable boost to the Swiss economy as credit demand surged, particularly for construction spending, because of the low interest rates then prevailing.

Looking back it is clear that the weakness of the franc in 1979 and 1980 contributed to price rises being felt today. The cost of imported goods has risen substantially — particularly of oil, where the price increase in dollar terms could no longer be offset by a strong domestic currency. Domestically, house prices and rents also show marked increases because of the shortages that developed in the housing market.

As in the mid-1970s the Swiss authorities have chosen to fight this new inflation by monetary means. Fiscal efforts to control price rises have never proved very helpful in Switzerland because of the inherent inflexibility of Federal government spending which is heavily tied to pre-determined subsidy and transfer payments.

Since the end of 1979 hardly any growth at all has been permitted in the central bank money stock, the money supply measure used as a policy yardstick by the Swiss National Bank. Liquidity in the banking system has diminished sharply as funds released through exchange market intervention in 1978 were slowly reabsorbed by the central bank.

This tightness has collided in a spectacular way with expansion in the economy, producing a sharp rise in interest rates, particularly at the short end of the money market. Eurofranc deposit rates, which actually turned negative at the time of the currency's dramatic appreciation in 1978, were already trading between nine and 10 per cent in the middle of this year.

But in September the authorities received a nasty shock. The August consumer price index published that month showed a year-on-year rise to 7.4 per cent compared with only 6.6 per cent in July.

To demonstrate its concern the National Bank raised its lending rates sharply. The discount and lombard rates were raised by one point to 6 per cent and 7.5 per cent respectively. As a consequence Eurofranc rates rose to over 11 per cent and stock and bond prices fell heavily.

Two months later bankers along Zurich's prosperous Bahnhofstrasse are inclined to suggest that the central bank's reaction was overdone. The economy was already showing signs of cooling off, they say. Now there seems to be a prospect of a fairly marked contraction of economic activity.

The Swiss currency has risen strongly in the exchange markets. Admittedly this is partly a consequence of the recent decline in U.S. interest rates which has weakened the dollar world-wide but it is also a reflection of the very high interest rates prevailing within Switzerland, which have been higher than those in neighbouring countries.

The D-mark has declined progressively against the Swiss currency to the point where it has now slipped below its "crisis level" of 80 Swiss centimes for the first time since 1978. Not surprisingly Swiss exporters are beginning to complain that their order books are suffering.

For the economy this has been a further blow. As the slowdown of domestic industries gathered pace this year, growth of the economy as a whole has become increasingly dependent on the export sector and on tourism, both of which rely heavily on the maintenance of a competitive exchange rate.

Exports in the first nine months of this year, for example, were up more than SwFr 3bn at SwFr 38.5bn, a trend which could be abruptly reversed if the Swiss currency is allowed to appreciate more rapidly.

In contrast imports rose only about SwFr 1bn during the same period, to SwFr 44.8bn, whereas in the first nine months of 1980 they had risen by nearly SwFr 9bn. This, commercial bankers say, provides clear evidence that a slowdown in economic activity had already occurred even before the September increase in interest rates.

At the moment there is thus a growing fear among economists that the economy could weaken to the point where unemployment begins to rise. In the mid-1970s the recession never had a significant effect on unemployment because many of the workers who were laid off were foreigners who simply returned home.

This time round no such convenient solution is available. Commercial bankers say they would not be surprised if the unemployment rate rose to 1 per cent of the workforce next year, a level which, as with inflation, seems absurdly low by British standards but which would be politically unpalatable in a country that is accustomed to over-employment.

Much depends of course on the economic direction in other countries. The Swiss predicament would be much worse if a major recession developed in the U.S. and spread to Europe as well, and at the moment there is no means of telling what will happen in thaat respect.

But it does seem clear that the chances of a marked slowdown in economic activity from now on have become greater in Switzerland than they appeared two or three months ago. That this should have happened at a time when inflation is still high and the franc rising on exchange markets is particularly unfortunate.

The authorities now have to strike a delicate balance between fighting inflation and supporting the economy, between a restrictive policy that would strengthen the exchange rate and an expansionary one that would weaken it. So far their response to this problem has been couched in nuances which suggest that they hope both to have their cake and eat it.

At a recent press conference Dr Fritz Leutwiler, President of the Swiss National Bank, proclaimed: "We don't want to grind the economy into the ground, to produce a recession like that of 1975. So we have to confine ourselves to a gradual reduction in the present high level of inflation."

It has not escaped the attention of some of Switzerland's shrewder bankers that this is a somewhat different tone from pronouncements earlier in the year when the fight against inflation took priority over everything else.

In practical terms the National Bank has also recently reduced successively the rate it charges banks for one-week dollar swwaps. This, it stresses, should not be seen as a U-turn on monetary policy, but it has helped to take some of the strain off short-term interest rates and is intended to limit the upward movement of the franc on exchange markets.

The general consensus in Switzerland is that inflation is now more or less at its peak. It will remain high for the first half of next year and is expected to decline quite markedly thereafter. Obviously a slowdown in the economy of whatever dimension should help to reduce price pressures, not least because it will lead to lower wage increases.

The stronger franc should also help in this respect as it will lead to lower prices for imported goods. As inflation declines there is a good chance that short-term interest rates will go down significantly, though the speed with which this happens depends heavily on the interest trend in the U.S.

A decline in short-term interest rates to levels below those applicable on long-term finance is probably the single most hoped for financial development in the banking community.

High short-term rates this year have seriously impaired the profitability of most of Switzerland's banks. Attention which has centred on Swiss Volksbank's SwFr 140m losses in the silver market should not mask the fact that its general business was suffering as well. Indeed in a normal business climate the bank might never have needed to disclose its losses on silver at all.

Like other banks it has seen a pronounced shift in its balance sheet as customers switched from low-yielding current account and savings deposits to more lucrative time deposits. This has produced a severe squeeze on interest margins, particularly on mortgage lending which makes up about one third of Volksbank's balance sheet and is a high proportion of total assets even at some of the internationally orientated "Big Three."

Indeed some bankers say that savings deposit rates, and therefore mortgage rates as well, will have to be increased even after other rates have begun to move definitively lower.

This would be another inflationary blow but by next spring, the bankers hope, a weaker economy and a stronger franc will have combined to offset the effect of this on overall price levels.

CONTENTS


| | |
|---|---|
| The banks | II |
| Swiss franc | II |
| Insurance | II |
| Bond market | III |
| Share market | III |
| Gold | IV |
| Fiduciary business | IV |
| Investment funds | IV |

# Leaders sound warnings on profitability

## The Banks

JOHN WICKS

AT FIRST glance Switzerland's banking system would seem to be in good shape. This year the aggregate balance sheet total of 71 leading banks recently passed the SwFr 400bn ($223bn) mark for the first time, having risen by some 13 per cent in the 12 months ending last August. The capital market, stock exchange turnover and foreign borrowings are all heading for record volumes in 1981. At the same time there has been a noticeable rise in Swiss banks' net foreign assets; including fiduciary accounts these went up to SwFr 63.7bn ($35.6bn) by mid-year.

In the past few weeks, however, the banks have been making it clear that all is not well. Two of the "Big Five"—Crédit Suisse and Swiss Volksbank—have already indicated that their profits will be down this year, and the Berne-based Volksbank foresees a substantial cut in its dividend. Union Bank of Switzerland (UBS) expects its earnings to rise again in 1981 but questions whether income will then continue to improve faster than costs. At its recent annual conference in Lugano the Swiss Bankers' Association was told by its chairman M Alfred Sarasin: "Today, more than ever, we need internal unity and self-confidence."

Important as the international role of the Swiss banks is—well over a third of all balance sheet assets are abroad—it is the domestic environment which has been the major cause of concern. Switzerland itself has been contributing noticeably less tc the earnings of the banking system as a whole.

The most serious problem stems from the unprecedented jump in short-term interest rates. Three to 12-month time deposits are paying between 7¾ and 9¼ per cent, even after having been lowered twice from an all-time high early in October. This return is above the current inflation rate of 7.3 per cent and well above that on other domestic investments.

At the same time interest on the usually very popular savings accounts has lagged sadly behind. Savings and deposit books are paying only 3 to 4 per cent — or about the same interest as in early 1977, when inflation was below 1 per cent annually and time deposits were offering 1¼ per cent. Not unnaturally, there has been an exodus out of this traditional form of investment.

The trouble is that Switzerland has for many years led the world as the most savings-minded country. It is also the country with the highest level of mortgage indebtedness; this rose by 11 per cent last year to SwFr 164.1bn ($91.7bn), of which 85 per cent is provided by the banks. The loss of clients' savings accounts has coincided with a run on cheap mortgages.

The dearest first mortgage today costs 7 per cent. Since new clients' funds tend to be in the form of expensive short-term deposits, the banks are losing money fast on the important loan sector. The cantonal banks, as the major sources for mortgages, are particularly concerned at this development. It is also hurting the big banks, for all their international income. UBS management chairman Dr Nikolaus Senn stated this month that "in the present re-financing situation practically every new domestic loan means at least a temporary loss."

It may be some time before things get back to normal. The mortgage rate is an extremely important economic indicator in Switzerland and its level is subject to considerable political pressure. Still, it does seem certain that mortgages and savings-book interest will rise in the New Year and short-term interest rates fall.

Another worry on the home front concerns the state of the economy. Although Switzerland is, and will probably remain, in much better economic shape than most other European countries, an increasing number of companies are falling into financial difficulties. This is due partly to weakening demand, partly to hitherto papered-over structural faulth which are coming to light in a period of sluggish growth.

More and more the banks are feeling obliged to join in rescue operations to have corporate clients. Recent cases have involved write-offs by bank consortia totalling SwFr 341m ($190.5m) for the SSIH watch group and the retail organisation Usego. The Big Three in particular are increasingly finding themselves reluctant owners of non-bank equity.

It is generally expected that next year will see such problems persist. The strengthening of the Swiss franc would certainly jeopardise the existence of a number of companies in such export-based sectors as watches and engineering—and not just small companies at that. The major commercial banks are already talking about the need for greater risk provisions in their accounts. The publicly owned canonal banks will also doubtless be called on again to help affected regions.

For all the public relations effect of generous rescue projects, the banks frequently feel unloved at home. Dr Markus Lusser, general manager of the Swiss National Bank, recently went so far as to speak of a "malaise of public opinion" towards the banks.

Still hanging over the heads of Swiss bankers is a Social Democratic referendum aimed at curtailing their operations. While this will probably not come up for the vote until after the 1983 General Election—and is pretty certain to be voted down—it has drawn the public's attention to the banks and the banks' to public and Parliamentary opinion.

Quite a blow to the financial community has been the decision of the Government to try for a 5 per cent withholding tax on the income from fiduciary accounts. This is the latest of a series of measures which the banks feel is harming the reputation of the country as a banking centre. "The impression is growing abroad that Switzerland is assuming an increasingly hostile position to the financial sector," claimed the annual report of the Association of Swiss Holding and Finance Companies published this month.

**REPORTING BANKS AUGUST 1981**
(SwFr bn)

| | Big Five | Cantonal banks | Regional savings |
|---|---|---|---|
| Balance-sheet aggregate | 259.0 | 107.6 | 34. |
| Due to banks | 78.7 | 6.8 | 1. |
| Due to clients | 159.2 | 91.6 | 28. |
| Due from banks | 72.5 | 15.1 | 3. |
| Loans | 136.4 | 79.5 | 25. |
| of which: mortgages | 33.1 | 47.2 | 16. |

In foreign business the immediate problems seem to be fewer. Unlike their counterparts in some countries, Swiss bankers have tended to keep engagements in high-risk foreign loans to a minimum. It seems unlikely that any of their banks would get seriously hurt in the case of a major international default.

Operations abroad—which in balance-sheet terms account for about half the assets of the big banks and two-thirds of those of foreign-controlled banks—generally more than pay their way. Foreign branches of Swiss banks are, in fact, picking up a good share of such business as is lost by their parents because of the growing chill on Switzerland's own "Finanzplatz."

Some pressure is admittedly being brought to bear on the banks in connection with their activities abroad. The French Government, backed by the Swiss Socialists, has complained to the Banking Commission about the recent take-over of Paribas (Suisse) by the Geneva-based Pargesa Holding. The Swiss churches are instit[...] a boycott against banks d[...] with South Africa. Thes[e] not considered partic[...] serious incidents, though.

Speaking in Berne [...] month National Bank pre[sident] Dr Fritz Leutwiler ind[...] that some banks were con[...] ing a ban on the acceptan[ce of] private money from [...] World countries. Up to [...] however, there has bee[n] confirmation of this from individual bank—on the [con]trary, it has been hotly d[...]

It is still too early [...] what sort of year this [...] prove for the banking se[...] as a whole. The financial [com]munity is relieved tha[t ru]mours as to the health of Volksbank have proved [un]founded, even although th[e con]siderable silver losses res[...] from a "misinterpretati[on of] instructions" by the Geneva branch hardly [...]tute favourable publicit[y...] present, it seems unlikel[y] banking profits as a whol[e] improve much, if at all, [on] last year's admittedly ex[...] levels.

# Authorities on alert as exchange rate strengthens

## Swiss Franc

JOHN WICKS

AFTER A sustained period of relative stability—and even passing weakness—the Swiss franc has risen sharply again this autumn. The movement has been nothing as dramatic as the vertical take-off of 1978, when the currency soared to record heights, but is still a cause of concern to both the authorities and the export-orientated business world. By the beginning of this month the trade-weighted revaluation rate had reached its highest point in over three years.

One reason for the marked strengthening of the exchange rate has undoubtedly been the fading attraction of other major currencies. The dollar, sterling and to some extent the D-mark have all suffered from a certain amount of disenchantment on the part of the market. At the same time the Swiss economy has remained remarkably firm and the country's interest rates have been climbing to unusual levels. A move into the Swiss franc therefore no longer means the same sacrifice in interest earnings and is looking increasingly worthwhile from the point of view of possible currency gains.

The exchange-rate development has been particularly marked since the beginning of September. From then until the first trading day in November the Swiss franc rose by 16 per cent against the dollar, 14 per cent against sterling and 7 per cent against the D-mark. In fact, the overall trade-weighted revaluation of the currency reached over 124 per cent on November 2—ie, the Swiss franc was 124 per cent higher than after the signing of the Smithsonian Agreement in 1971—and was thus not so very far from the 138 per cent record of September three years ago.

Of special concern to the Swiss National Bank is the cross-rate against the D-mark, the currency of Switzerland's major foreign trade partner and major competitor on third markets. When the monetary authority had undertaken its drastic measures to dampen the Swiss franc exchange rate at the end of September 1978 National Bank president Dr Fritz Leutwiler made it clear that the future reference point for the Swiss franc would be a D-mark "noticeably above 80 centimes."

Last month the D-mark fell to below 84 centimes and led to the Swiss National Bank's first intervention in support of a foreign currency since September of last year. This was followed by a number of further small foreign exchange operations by the monetary authority to boost the still-falling D-mark; these amounted to SwFr 339m (some $188m) by the end of October, or rather more than the Bank's interventions in support of the Swiss franc itself during the three first quarters.

It remains to be seen exactly how Switzerland will react to any further strengthening of the exchange rate. As Dr Leutwiler told the Swiss Forex Club last month, the National Bank does not consist of "monetarists of the first water" with ideological objections to intervention as such—particularly in the light of the importance of exports for the national economy. Nevertheless, the Swiss do not intend to jeopardise their money supply targets by any really large-scale presence in the foreign exchange market.

The central bank is in something of a quandary here. On the one hand it stresses that it has never rescinded its 1978 guidelines for the D-mark—Swiss franc cross-rate. The October interventions show its determination at least to react to the downward drift of the D-mark. At the same time, though, National Bank director Dr Markus Lusser refused at a recent Press conference specifically to name a target for the D-mark in terms of Swiss francs. Indeed the National Bank dropped several broad hints that exchange rate targets, like anything else, could change with circumstances: by early November the D-mark had dropped in fact to under 82 centimes.

While some sectors of the economy are already complaining at the rise in the Swiss franc, this is welcome as a contribution to the fight against inflation. The cost of living index is currently going up at its fastest rate since mid-1975; with the inclusion of higher rents in the November index, inflation will probably be noticeably above 7.5 per cent this month. While Swiss inflation is primarily home-made this autumn, a drop in import prices due to a stronger Swiss franc would soon have a beneficial effect on the index. In the first three quarters of this year import prices did, after all, rise by more than 8 per cent.

There is certainly no lack of foreigners interested in borrowing Swiss francs, even despite fast-growing interest rates. Figures for the first nine months show total capital exports—foreign bonds, private placements and bank loans denominated in Swiss francs—of SwFr 23.55bn ($13.03bn). This means that 1981 will doubtless set up a new record, surpassing the previous peak of SwFr 26.87bn ($14.87bn) registered two years ago.

This increase is the result in part of further measures to permit a "controlled internationalisation" of the Swiss franc. Switzerland has long realised that its currency has a certain place among the reserve media of the world, but is more than loth to see external Swiss francs floating about outside its National Bank's reach. The aim of various liberalising moves in the past few years has been to "repatriate" internationalised Swiss franc transactions and be able to keep an eye on the billions of Swiss francs held abroad.

This policy meshes neatly with the Swiss readiness to aid petro-dollar recycling. The latest, and probably not the last, special measure to enable the use of external Swiss francs took place this summer, when an unnamed monetary authority — understood to be Saudi Arabia's SAMA—was allowed to issue SwFr 500m of one- and two-year debentures in its own name.

For the time being at any rate there seems little chance on the sort of run on the Swiss franc that occurred in September 1978. In the past few weeks it has been a question of weaknesses in alternative currencies rather than the intrinsic strength of the Swiss franc. The Swiss economy is flattening out rather than strengthening, and interest rates in Switzerland should soon be peaking—in some cases they already have peaked.

In addition, the currency is nothing like as intolerably hard as it was in 1978. Even early last month Dr Leutwiler was still saying the ruling exchange rate was in order.

If there were to be a new series of foreign exchange upheavals comparable with those of three years ago, the National Bank would certainly pr[obably] act in concert with the banks of other affected [coun]tries. The Swiss are [...] as to the virtue of g[oing] alone with regard to in[terven]tion on the currency m[arkets] and say that the otherw[ise] enthusiastic Americans [should] co-operate in joint actio[n] [...] other nations should it come to another intern[ational] crisis.

Certainly the last thin[g any]body in Switzerland wan[ts is a] soaring currency. Apart [from] the damage which wou[ld be] done to more fragile sec[tors...] manufacturing and the [...] trades, the country would have to alter its rest[rictive] monetary base policy.

As reluctant as politicia[ns and] central bankers woul[d be,] though, a real 1978-type [...] would doubtless lead to d[...] action to dampen down t[he ex]change rate. The t[...] measures passed three [years] back proved to the worl[d that] the Swiss do not just sit and let things happen. [This] realisation ought to help [...] any new and sizeable run [on the] Swiss currency in the c[oming] weeks and months.



# Sector bursting with good health

## Insurance

BRIJ KHINDARIA

THE SWISS insurance and reinsurance business is bursting with good health, although some uncertainties loom on the horizon.

An instructive example is the Winterthur Insurance Company, which said in October that it expects record earnings for the 1981 financial year. Last year Winterthur saw a 3.3 per cent increase in net profits to SwFr 62.4m ($32.8m) despite a growth in underwriting losses from SwFr 66.5m to SwFr 78.8m.

Claims have been lower in direct business and reinsurance so far this year, although inflation has given an upward push to costs, particularly in Switzerland.

Capital income rose because of high interest-rate levels but substantially higher depreciation on securities mopped up some of those gains. Partly as a result of exchange-rate movements, direct insurance premiums should rise less rapidly than during the past year, but "normal" growth is forecast for reinsurance premiums.

The main uncertainty is the likely rate of inflation in Switzerland. After a period of moderation the inflation rate is reckoned to be over 7 per cent, causing serious concern about a cost push in domestic operations of most Swiss insurance companies.

A fresh source of uncertainty is the future of exchange rates, which were relatively stable until last summer. The weakening trend in the dollar is making companies look anxiously at foreign operations and the current uncertainty characterising dollar and sterling interest rates is also causing some concern.

A positive element is the increasing harmonisation of domestic Swiss regulations with those within the European Community, where companies hope to expand business. As the Community gets closer to a common insurance policy, the Swiss want to ensure they do not find themselves isolated outside the EEC.

Insurance spending remains on the rise in Switzerland, in line with a trend found in most industrialised countries of the Organisation for Economic Co-operation and Development (OECD).

According to the Swiss Reinsurance Company of Zurich, the world premium volume for direct insurance reached $392bn in 1979 (the latest figures available) compared with less than $21bn in 1950. Over the 30 years more than 95 per cent of that volume was accounted for by OECD countries. Insurance spending expanded much more quickly than overall economic growth, rising at an average real rate of between 5.3 and 6.7 per cent annually between 1950-1979.

Reflecting this world phenomenon, direct insurance premiums in Switzerland reached SwFr 10.17bn in 1979, an increase of SwFr 986m over 1978, according to the Swiss Federal Commission overseeing insurance. About 49.5 per cent came from life insurance compared with 47.5 per cent in 1978.

Total premium volume of all kinds was SwFr 21.7bn in 1979, including SwFr 12.1bn from direct and indirect business abroad. Foreign business comprised SwFr 6.4bn for reinsurance, SwFr 3.9bn for accident and general insurance and SwFr 1.8bn for life cover.

Investment by all kinds of Swiss insurance companies totalled SwFr 61bn in 1979, including share holdings and property worth SwFr 13.68bn, or about 22.4 per cent. Life insurance companies led the investments table with total placements of SwFr 38.3bn, about twice as much as the SwFr 17.8bn placed by accident and general insurance companies. The remaining SwFr 4.8bn came from reinsurance institutions.

At the end of 1979 there were 20 Swiss and two French companies authorised to offer life insurance in Switzerland. The favourable trends experienced in 1978 continued through 1979 and foreign business also progressed well. Income on capital improved considerably, particularly in the year's latter half.

Switzerland had 70 companies offering accident and ge[neral] insurance at the end of [...] including 49 Swiss comp[anies]. Business held up well [in] areas, with a slight weak[ness] in insurance of animals [and] other secondary bra[nches] including credit insurance.

Swiss companies made a [pro]fit of SwFr 243.5m on accident and general bus[iness] of which SwFr 117m wa[s put] into reserves or carried [for]ward.

Reinsurance volume ros[e] about 3.2 per cent in 197[9] new business came mainly [from] abroad. However, accident [and] general claims also incre[ased] especially in the tran[sport] sector where they rose t[o ...] per cent of premiums, up [from] 68 per cent in 1978.

Eleven companies [are] authorised to enter reinsur[ance] contracts in all branches [...] others may conduct reinsur[ance] in their own fields wit[h] specific authorisation. [...] reinsurance premiums ros[e] 9.4 per cent to SwFr 4.[...] in 1979, with 95 per cent co[ming] from abroad and handled [in] foreign currencies.

The professional reinsu[rers] made a profit of SwFr 10[...] in 1979, of which SwFr 4[...] was placed in reserves or [car]ried forward to the follo[wing] year.

# Foreign borrowers make most of the running

.ARE billions out
t waiting to be invested
ond market," said one
inker recently as he
ated the outlook for
interest rates. As
r bond markets around
d, the Swiss market
rendered extremely
through the prolonged
ort-term interest rates
s kept investors on the

thout this year in
nd short-term interest
ich peaked at over 11
t in September, have
her than yields offered
erm bonds.

ver possible investors
n, putting their money
t-term placements, but
recent decline in U.S.
rates the feeling is
that some of this
ay move back into the
rket.

happens on any large
nd prices could soar
the supply simply is
nt to meet demand.
me bankers fear is
could lead to an over-
. Investors would take
fits quickly and desert
ket at any sign of a
upturn in interest
d yields on the bond
would lurch up again.

moment it thus seems
h it will take some time
Swiss capital market to
ts equilibrium, all the more so since Swiss inflation, currently about 7.5 per cent, is expected to remain high well into 1982 and this could limit any lasting decline in bond yields.

Notwithstanding the negative yield curve, the Swiss franc foreign bond market has been able to absorb a very large amount of new issues this year. In the first nine months the volume of new public issues reached SwFr 5.4bn compared with only SwFr 3.9bn in the corresponding period of 1980. Private placement activity also

**Bond Market**

*PETER MONTAGNON*

expanded markedly, with the total rising to SwFr 8.2bn from SwFr 6.3bn.

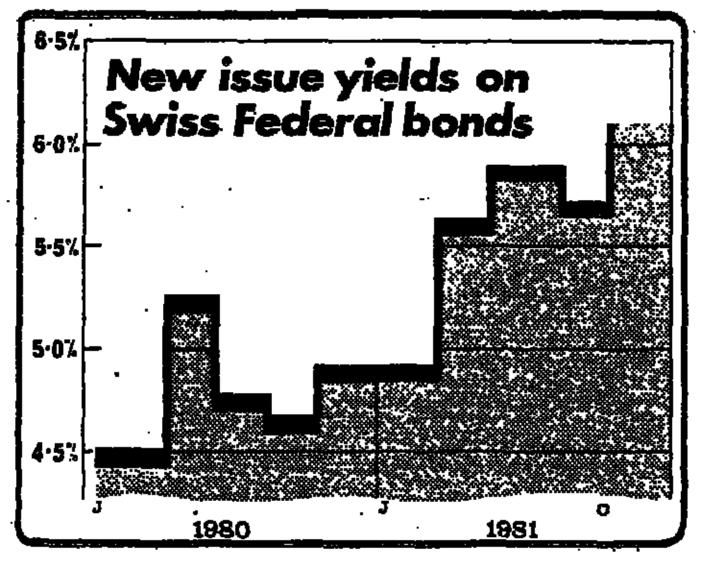
This was in part the result of heavy demand on the part of borrowers who have faced even harder times in other markets—especially the D-Mark sector, which was all but closed to most foreign borrowers until recently.

Even though the Swiss franc has begun to appreciate on the foreign exchange markets, making debt incurred in Switzerland more expensive to service, demand on the part of borrowers remains high. Bankers say they have enough interest on the part of foreign borrowers to keep them busy through the first quarter of next year.

The momentum of new business thus looks as though it will be sustained, the more so since the Swiss National Bank continues to take a favourable attitude towards capital exports. This is despite the fact that the current account balance of payments, expected to be in surplus by some SwFr 2bn to SwFr 3bn this year after a small deficit in 1980, is no longer as strong as it was in the mid-1970s.

The positive disposition of the central bank is based more on monetary than economic considerations. "It's a common mistake to think that one can reduce overall capital exports by tightening up on authorised deals. Limiting authorised deals only produces a shift in activity to those sectors of the market over which we have no control," says Swiss National Bank President Dr Fritz Leutwiler.

As before, the Swiss National Bank remains anxious to see a controlled internationalisation of its currency. By maintaining a favourable environment for capital exports at home it hopes to avoid the development of a long-term Swiss franc market outside Switzerland.




But borrowers who have sought to take advantage of this favourable climate in 1981 have had to pay a price in the form of higher interest rates. In September, when short term rates were at their peak, yields in foreign bonds rose above eight per cent for the first time since the early 1970s.

Since then they have begun to come down as the appreciation of the franc has encouraged more investor participation from abroad — during much of the summer the Swiss Franc foreign bond market was sustained by private domestic investors whose selective attitude to borrowers made for a wide variations in yield set on new issues.

Generally Swiss private investors view any foreign borrower with suspicion, but they are particularly cautious about some such as international development banks which enjoy a much higher credit rating on other markets.

Foreign buyers are less selective and it was partly because of their absence in the first three-quarters of the year that an unusually high yield gap opened up between the foreign sector of the Swiss bond market and the domestic sector where yields remained much less volatile.

At its peak this gap exceeded 2 per cent. Now, with a reversion to more normal investment patterns, it has been reduced to around 1 per centage point, much closer to its traditional level.

But there is another reason why yields on domestic bonds have proved less volatile this year than on foreign bonds. While the volume of new issues in the foreign sector has expanded strongly, new business in the domestic market has contracted. Total offtake by domestic borowers in the first nine months of this year fell to only SwFr 5.8bn from SwFr 7.2bn in the corresponding period of 1980.

Many of these issues are bought by institutions which have constant inflow of funds for investment which they are compelled to place in domestic capital market issues.

The institutions have tried too, to remain as liquid as possible to benefit from the higher returns on short-term placements but their demand for bonds none the less constituted an important stabilising force for yields on the domestic market.

The upshot was that while yields on World Bank bonds fluctuated so far this year between 5.79 per cent and 8.13 per cent, secondary market yields of Swiss Government issues moved in a range of only 4.6 per cent to 6.39 per cent.

The logical implication of this is that yields on domestic bonds should fall more slowly than those on freign bonds if the market continues to pick up. Indeed many bankers say they see only a limited leeway for a decline in coupons on new domestic issues for the time being.

But they caution that the domestic market has become increasingly unpredictable in terms of volume. This year has seen many borrowers withdraw at the last minute. In the third quarter only SwFr 1.6bn out of a scheduled total of SwFr 3.5bn was actually brought to the market.

With the Swiss economy beginning to slow down there seems to be little chance of an increased offtake by industrial borrowers, but local authorities, which have been able to hold back from the market this year because of their healthy budget position, may be forced to return in greater numbers as their tax revenues are affected by the weak economy.

On the other hand, banks, which have been heavy borrowers in this market this year, may reduce their activity if lower interest rates allow them to step up their medium term funding through traditional issues of *Kassenobligationen* or non-negotiable bearer notes.

**'HE THREE MAJOR SWISS BOURSES**

| Zurich Turnover (SwFr bn) | Zurich Bargains | Basle Turnover (SwFr bn) | Basle Bargains | Geneva† Bargains |
|---|---|---|---|---|
| 111.99 | 270,724 | 21.44 | 82,869 | 92,792 |
| 99.22 | 241,434 | 19.80 | 74,771 | 86,728 |
| 115.55 | 264,189 | 25.39 | 82,291 | 99,955 |
| 132.60 | 298,004 | 28.63 | 91,449 | 105,103 |
| 112.77 | 223,988 | 23.93 | 66,104 | 68,769 |

y/September. † Geneva does not publish turnover figures.

# ecovering from 'Black Monday'

OTHER financial centres
land was knocked off
by the sudden collapse
e prices on the "Black
" of September 28. The
Bank Corporation index
by 2.8 per cent in a
day's trading, the worst
to the market since the
ction of a temporary
ent ban for non-resi-
n the spring of 1978.
ices had been depressed
case, the index fell to
st level since the begin-
1975.

year as a whole will
be viewed in retrospect
leasure. Interest rates
erally shot up in Switzer-
ince the beginning of
articularly in the short-
sector. Three to five-
time deposits, for ex-
more than doubled
*per cent to 10½ per cent*
n January 5 and October
apart from the upswing
e Euromarket. In the

**are Market**

JOHN WICKS

market first-class Swiss
ers raised their coupons
per cent to 6¾ per cent.

share market had not
to offer an comparison.
are still very modest,
fter the decline in prices,
ing out at below 3¼ per
n the early days of this
. This is admittedly
better than the 2.8 per
of a year earlier but not
ularly attractive to in-
s.

is while actual bourse
ver will reach new record
in calendar 1981, share
s are well down even with-
he "Granville Syndrome"
ptember. Compared with
bruary high for the year
7 points, the SBC index had
to only 237 by November
all-time high of 425 lies
r back as 1972.

vertheless, things are look-
up. Prices are, after all,
3 per cent up on their
mber low and seem to be
ng upwards. On November
e stock exchanges regis-
something like a "White
ay," with share quotations
ing by 2 per cent in a day.
ere are good enough
ns to expect rather better
s on the Swiss shares mar-
Not the least is the decline
merican interest rates. The
est gap between Switzer-
and the rest of the world
ow nothing like as great
cularly given the improved
n on Swiss investments.
*benefited the time-deposit*
bond sector in Switzerland
but the "spark" has now
ed to the shares market"
e words of Handlesbank.

Closely linked with the interest aspect is the fact that the Swiss franc has strengthened very substantially. This month the trade-weighted revaluation rate reached its highest level since October 1978, having risen massively against the dollar and most other currencies. More and more foreign and domestic investors are after Swiss franc stock.

In fact the long-term rise of the Swiss franc means that investments in Swiss shares have proven much more profitable for foreigners than might appear at first glance. A recent study issued by London stockbrokers Phillips and Drew shows an average annual rate of return from Swiss equity positions in terms of dollars of no less than 13.4 per cent over the period 1971-1980, as compared with a modest 3.8 per cent in Swiss francs.

Another argument in favour of going into the moderately priced Swiss share market lies in the national economy. While Switzerland's growth is slowing down, the country is in much better shape than most others in the Western world, with a substantial current account surplus likely for 1981, continued full employment and a real growth in Gross Domestic Product.

Despite these considerations, however, nobody is expecting a major upswing in share prices. Yields, never very high, are falling again with the rise in prices and there is little chance that corporate dividends will improve much—if at all—in 1981. The very strengthening of the currency which is attracting investors is also making life increasingly difficult for export-oriented industry. Generally speaking profits are insufficient and show no sign of noticeable improvement. Over and above all this, returns on other forms of investment remain substantially better than for most shares.

The volume of domestic share issues, which reached a record SwFr 2.27bn ($1.27bn) in calendar 1980, has fallen off substantially this year. Once again it has been the banks which have provided by far the greater part of new equity —SwFr 675m ($377m) of the SwFr 1.33bn ($746m) of all shares issued in the first nine months of 1981. As always, they have to keep increasing their share capital to meet statutory coverage requirements for growing balance sheet totals.

Swiss stock exchange listings remain popular with foreign companies. North American corporations are particularly keen to offer their shares via Swiss bourses. From the beginning of 1980 until the end of October, a total of 12 new foreign quotations were introduced in Zurich, eight of them U.S. companies. At present some 167 foreign shares are listed there—nearly as many as the 182 domestic titles.

# Shift in bullion trade away from Zurich to London

AFTER THE feast of high-volume and large price swings on the bullion market of 1979/80, the past year has been a dour one for Switzerland's big gold-dealing banks.

With demand from private gold speculators knocked over the head by a combination of high interest rates and international recession, the bullion price has drifted steadily lower during 1981.

At its present level of around $410 per ounce—still above the year's low of $390 reached in August, but a long way beneath the point at the start of the year of just under $600—the yellow metal's price is less than half the short-lived peak of $850 per ounce in January 1980.

Although coin sales and demand from fabricators have improved from the lowest levels of last year, sluggish activity by the banks' traditional private clientele has led to the market becoming dominated by professional trading.

On the supply side, increased sales by the world's two main producers—South Africa and the Soviet Union, both of which have run into growing external financial difficulties this year—have deepened pressure on the price.

This is despite a cessation of the heavy flows of dishoarded metal which reached Switzerland from the Middle East last year and helped drive prices down.

Significantly, the Big Two producers seem to be routeing more of their sales business away from Zurich towards London and other international gold-dealing centres. After the setbacks of 1980 caused by the Berne Government's controversial introduction of a gold sales tax, the past year may have marked a further weakening of Switzerland's once pivotal position in the world-wide bullion trading ring.

Most international dealers say 1981 has witnessed a shift in favour of London as a centre for physical gold trading—although the Swiss banks can still participate fully in transactions located physically in the UK.

Some business may have migrated to London because, in a market becoming more dominated by short-term speculative trading, it has simply become convenient to locate physical trading increasingly in one place.

Additionally, there was a scare about reduced secrecy in handled more than 50 per cent of Soviet gold sales—a far cry from Switzerland's near monopoly earlier on in the 1970s.

The biggest producer, South Africa, still sells the largest single share of its production through Switzerland, even though most metal is handled physically through London, where it is held for storage in the bullion vaults of the Bank of England. The closeness of ties with Pretoria has just been underlined by Swiss banks' participation in a new gold "swap" deal under which South Africa has pledged around 2.6m oz of gold to foreign banks in exchange for currency loans.

South Africa too however has been diversifying its sales channels—and here the Swiss have been the losers. South African sources aver that shipments to the Zurich gold pool (led by Union Bank of Switzerland) have sunk as low as 20 per cent of total monthly sales at times this year. Until recently Zurich normally accounted for just under half the total but its share has apparently been rising again during the last six months or so. The Swiss supplement their supplies with imports from South African stocks held in the UK.

### Gold

DAVID MARSH

Switzerland at the end of last year when the Swiss customs office allowed details of monthly gold imports and exports to become publicised in the Press. This alarmed the Soviet Union in particular Moscow switched the bulk of its physical gold sales to Switzerland at the start of the 1970s precisely because it thought it could be guaranteed absolute discretion.

*Publication of the Swiss* figures has since been stopped (a similar move to suppress statistics was taken by the British Government during the mid-1970s and secrecy in London has been tightened further this autumn). All the same, the Russians have recently started small trial deliveries of gold direct from Moscow to Heathrow Airport for the first time for several years, and are also trying to sell gold more actively in other centres including the Far East.

One reason why Moscow has been selling more regularly at the London fixing this year—its total sales for 1981 may, it is estimated, approach 200 tonnes, more than double the 1980 figure, although still less than half the record of above 400 tonnes in 1978—is because a published price set twice-daily offers a more certain basis for the sale when large amounts have to be unloaded.

*One London dealer has also* alleged that some Swiss banks during the summer bullion market decline had been less keen than normal to sell Soviet gold when they were concentrating on liquidating their own positions. This view is disputed in Switzerland. None the less, one Swiss dealer concedes that at times recently London has

Sensitive to charges that the Swiss market share is declining, Herr Hurbert Baschnagel, assistant general manager in charge of gold dealings at the Swiss Bank Corporation said earlier this month that Zurich had received a considerably larger share of South African gold sales this year than in 1980 but gave no details.

One observer who can be said to be fairly neutral—a prominent dealer at a German bank—estimates that South Africa is now dealing with 18 *prime bullion banks and* brokers worldwide, many more than a couple of years ago.

He puts the Swiss share now at around 40 per cent (compared with 55 to 60 per cent last year), with 25 per cent going *through* London, 15 per cent Frankfurt, 10 to 15 per cent New York and 5 to 10 per cent the Far East.

Switzerland's views on the monetary role of gold have been amply represented over *the last few years by Dr Fritz* Leutwiler, President of the Swiss National Bank.

From the beginning of the New Year Dr Leutwiler will occupy a new forum from which to expound his opinions.

*It is taking over from Dr* Jelle Zijlstra of the Netherlands the presidency of the Basle-based Bank for International Settlements (BIS). The central bankers' bank itself is very close to the gold trading game. It takes deposits in gold and lends them out on behalf of central banks all over the world as part of its low key financial operations for the central banking community.

As the BIS's Basle headquarters contain no bullion vaults (although it boasts a well-equipped nuclear fall-out shelter), the BIS makes use of the storage facilities at the Bank of England, the New York Federal Reserve Bank and the Swiss National Bank itself.

The National Bank itself has been entertaining the idea of buying gold for its reserves to satisfy the Swiss legal requirement that at least 40 per cent of the country's note circulation should be covered by official gold holdings. With his *strong views of the long-term* stability of gold and the need for central banks to take a greater interest in the metal, Dr Leutwiler, in his combined position at the National Bank and the BIS, will find the attention of the gold market riveted on him next year if he comes to the conclusion that 1982 is the right time to buy

### Financial Surveys in the FT

Between now and the end of the year FT surveys will be examining developments in a number of key financial areas.

**International Insurance**

*A prolonged period of* low economic growth is having a major impact on insurance markets. As companies look for new ways to grow the business is becoming more international.

**Financial Services in New York**

Offshore banking has come to New York. FT writers in the U.S. look at the impact on the huge and changing New York market-place.

**Nordic Banking, Finance and Investment**

High interest rates have taken over in a traditionally low interest area and foreign borrowing has become a way of life. How are the Nordic countries coping?

**Mexico: Banking Finance and Investment**

Mexico's oil wealth has made it a magnet for the international banking community. Mexico's own banks, too have started setting up overseas offices to raise funds for lending to the rapidly growing Mexican industrial base. What strains will these developments place on the economy?



# Flood of trustee cash may be slackening

THE MOST remarkable development in Swiss banking over the past year has been the substantial growth of fiduciary business. By mid-1981 Swiss fiduciary assets abroad had swollen to more than SwFr 165bn ($93bn), or almost 60 per cent above the corresponding figure last year. As in the two previous years, both *foreign and domestic clients* had been pouring funds into these lucrative trustee accounts—regardless of the fact that investment was at their own risk.

Fiduciary accounts are very much of a local speciality. Their existence derives from the fact that only Switzerland imposes at-source taxation—a withholding tax of 35 per cent—on the interest from domestic investments. Since the tax does not apply on income from such outside sources as the Euromarket, Swiss banks began in the 1960s to offer trust balances on a commission basis for discretionary investment abroad.

The accounts soon proved popular both with foreign clients—not all of whom could obtain a refund of the withholding tax under double-taxation agreements—and the banks themselves. Although their earnings are limited to commissions of 0.375 and 0.5 per cent, banks were enabled by the growing fiduciary traffic *to keep* their foot in the door of the Euromoney market.

Since most trustee accounts are invested in three- to six-month deposits the rapid increase in Euromarket interest rates has attracted very large amounts of international money into this form of investment. By the end of 1980 the outstanding total equalled a good 25 per cent of the banking system's combined assets. Thus although fiduciary accounts are not included in balance sheets they play a very important part in the portfolio management operations of private and major joint stock banks in Switzerland.

In fact the tide would appear to be turning. In the third quarter of this year the Union Bank of Switzerland, the country's biggest bank, reports a marked deceleration in growth since mid-year and reckons with a "massive decline *in* the amount invested in fiduciary accounts when the high short-term Euro-rates fall to below long-term interest levels."

*A fall* in the volume of fiduciary business would not be unwelcome to many banks. Dr Fritz Leutwiler, President of the Swiss National Bank, continues to embarrass them by airing his misgivings about the extent of trustee investments and the possible risks involved. While the banks themselves play down the risk element, some are obviously over-extended in this sector.

At the same time the threat of a 5 per cent withholding tax on fiduciary account interest payments continues to hang over the heads of the banking community. At this year's "Bankers' Day" in Lugano, Finance Minister Willy Ritschard said bluntly that the Government could not dispense with a number of proposed new taxes, including this so-called "bank client tax," in view of the need to reduce the Federal budget deficit.

This would raise some SwFr 250m a year for the Government from 1983 onwards, always supposing that business kept up at more or less current levels.

### Fiduciary Business

JOHN WICKS

Like Union Bank, the Swiss Bankers' Association itself thinks it quite likely that fiduciary accounts could "melt away" when interest relationships return to normal, so that the revenue for the Federal authorities would be much less than anticipated.

In any *case bankers object* to the thought of a bank client tax of this kind for various reasons. According to Mr Rainer Gut, general manager of Crédit Suisse, the "10 per cent of the fiduciary clients who account *for 90 per cent of commission*"—in this connection he named the Opec countries, multinationals and institutional investors — would take their custom elsewhere if the 5 per cent tax were introduced. While business would to some extent simply move to foreign branches of the Swiss banks, taxable income in Switzerland itself would fall.

Basle private banker Mr Alfred Sarasin, chairman of the Bankers' Association, claims that competing financial centres like Luxembourg, New York, the Bahamas, London and Austria are "delighted to wait to succeed us" and are already using the fact of existing or intended Swiss taxes to win new customers.

Another complaint on t[...] part of the banks with rega[...] to the proposed withholdi[...] tax is that it would not be co[...]stitutional. The argument ru[...] that the taxable earnings co[...] principally from foreign sourc[...] and flow to foreign investo[...] something like 80 per cent [...] all account-holders still be[...] located outside Switzerland d[...]pite a marked rise in domes[...] clients.

Last, but by no means le[...] bankers view the new tax [...] what Mr Sarasin calls "[...] other piece added to the mos[...] of discrimination agai[...] foreign clients of Swiss bank[...] As previous impositions [...] listed a former increase in [...] general withholding tax fr[...] 30 to 35 per cent, stamp d[...] and the subjection of gold [...] sales tax.

Speaking on the matter [...] *Zurich last month, he admit[...]* that the bank-client tax in it[...] would be a catastrophe. It [...] however, yet another meas[...] aimed at the banks. "Th[...] will be no more political [...]cessions," he added. "Now [...] fight."

Despite such high words, [...] banks are themselves not [...] happy that fiduciary volu[...] look like falling of their [...] accord. Indeed, the U[...] Bank of Switzerland op[...] states that it has been advi[...] *clients to shift at least pa[...]* their fiduciary investments [...] other sectors.

There may well be ce[...] conversion problems, not [...] for the Benelux banks w[...] accept a large proportion o[...] accounts, but the gen[...] opinion is that investors [...] simply shift their funds [...] longer-term commitments [...]terest rates change. It rem[...] to be seen whether there [...] be any marked change in [...]rency denomination; at pr[...] the big banks say that [...] 15-16 per cent of the acc[...] are in Swiss francs, most o[...] rest in dollars.

It is also hard to tell [...] what chance the withho[...] tax proposal has of ge[...] through Parliament. Qu[...] few representatives are [...] to accept Minister Ritsc[...] claim that the tax will [...] more than a "lawn-mowe[...] to snip off the tips." [...] bankers are now giving [...] plan a fifty-fifty chance.



# Net outflow reflects disfavour

FOR INVESTMENT funds the past year came in several shades of grey. Although at SwFr 15bn *the combined assets of 120* Swiss securities and property funds gained 4 per cent in 1980 over 1979, investors cashed in SwFr 95m more than managers were able to raise from new sales.

The deficit exceeded even the 1974 recession year, when balances slipped into the red by no more than SwFr 89m. For the first time since 1969, when the Swiss Government began publishing figures, investment fund managers had to pay out more than SwFr 1bn in 1980, almost twice as much as in 1979.

The SwFr 680m increase in total assets last year over 1979 came mainly from currency gains rather than direct choice *by customers of funds* as the best instrument of investment. At the end of May 1981 compared with May 1976, the Swiss franc was still 17 per cent above the dollar, 7.1 per cent above the D-mark and 3 per cent above sterling.

Swiss investors continue to conclude that returns of less than 7 per cent on securities are not as attractive as 10-20 per cent returns on Euromarket deposits. The Cantonal Bank of Thrugovie and Credit Suisse have led the field by issuing coupons at 6.75 per cent and 7 per cent in late September in a bid to attract buyers.

Foreign demand for Swiss franc investments revived substantially in early October following drops in short-term U.S. interest rates. One result was that coupons on loans for prime foreign debtors were brought down to 8.25-7.75 per cent, according to National Bank figures.

With rare exceptions investors moved away in the past five years from putting all their eggs in one market. Fund managers can only look back with nostalgia to the heady early 1970s when anything could sell and turn a profit.

But investment funds remain important suppliers of capital for the Swiss economy and holdings in Switzerland per head of population are still well over three times the level in Britain. The five major Swiss banks *continue* to have large fund businesses but admit that investors can get better deals on foreign markets including the Euromarkets.

The performance of foreign funds has also been uncertain. A major successstory was Safit, the South African trust fund, which showed an average return of 55.4 per cent between 1976 and 1981. But that was due mainly to rocketing gold prices and the glitter is now no more.

*In contrast Espac, dealing* like Safit in foreign paper but in this case Spanish securities, lost 42.9 per cent in the same period. Returns last year on West German and French securities were also negative and Swissbar, which deals in Swiss securities, returned only 2.4 per cent.

Investment funds concentrating on specific industrial sectors did well over the year, with returns of 31 to 52 per cent. Two of the four funds had only modest annual gains averaged over the period of their life. The other two turned in negative results. The industrial share funds, accounting for about a fifth of the combined assets, booked their gains mainly from exchange rate increases. The sluggishness of the Swiss stock market was reflected in the returns on those funds.

The mainly domestic property funds were also slack. Some had returns of over 10 per cent, with 40.5 per cent at the top end of the 38 total property funds with assets valued at SwFr 6bn. House prices have at least doubled since some of the funds were started 20 or 30 years ago.

The five mixed investment funds with assets of SwFr 286m designed over two decades ago to spread the risk over property and securities investments have not performed so well. One 1959 fund's shares are now worth half their original price, taking into account inflation. It started, and has remained, small.

The biggest disappointment on the Swiss mutual funds market has come from *the so-called investment foundations* set up to look after portfolios for pension funds. Their future once looked glamourous to investment fund managers, but while the assets of the nine biggest foundations *grew during the 1980-81 finan*cial year, the rate was only 6.5 per cent to SWFr 4bn ($2.2bn). Membership rose to 7,027 pension funds, an increase of only 65 compared with 597 last year. Comparatively low returns from the foundations and high interest rates for short-term investments have led many funds to do their own investing rather than tie up the money in the foundations.

Such an unpredictable situation brought caution. The number of active Swiss investment funds remains unchanged from last year at 123, while foreign funds traded in Switzerland rose from 43 to 49. Fund managers believe their range now covers most investors' needs.

Some major gaps remain. Credit Suisse has no investment fund covering the Pacific region. While both the Swiss Volksbank and Union Bank have no Japanese securities fund.

### Investment Funds

BRIJ KHINDARIA

## THE ARTS

# My brother's keeper by NIGEL ANDREWS

...sions (AA) - Gate ..., Screen on the ...assic, Haymarket, ...xford Street and others Empire

...August (AA) Curzon Ritzy Brixton

...Times of Rosie the ICA

...rida London Film Festival

...at I do it pat" said ...ut to administer the ...ument to Claudius, ... deterred and dis-...e fact that the King ...kneels in mid-prayer. ...s been a bulwark ...gh justice through ...d in True Confes-...trailing seamy-side ...from Hollywood's ...State department, ...and Cop Law are at ...huelling bare-footed ...utting edge of big-...tion in 1940s Los ...

...e Niro and Robert ...een them share an ...umber of celluloid ...ours, and their ...ntry Mafioso profiles ...gh interchangeable. ...-eyed, talk-softly-and ...lance acting styles ... between the lines ...s much as in them. ...nfessions they play ...s: De Niro an ambi-...tholic priest-cum-...or, controlling the purse-strings of the diocese's planning and charity projects, Duvall a raw-tongued police detective and respector of no religions.

Career tensions trill between them like a high-tension wire, but it isn't turned up to full voltage until diocesan scandal erupts. A priest dies at a brothel, a prostitute is killed and bisected, and its beefy Charles Durning, church benefactor and quondam Crime King, whom Duvall noses out as the chief scandal-master as he follows the trail of nasty intrigue to its source.

The film steams with a magnificent energy cynicism through battered bordellos where bedclothes and cleavages are both in need of spring-cleaning; through *MASH*-like police mortuaries where the daily prattle turns to boxing and baseball over the dismantled carcases (and "guess-the-weight" games with the victims' hearts); and through the queasy mazes of Church politicking as De Niro is torn between protecting Durning's charitable millions and publishing his iniquities to his ecclesiastical oldes Cyril Cusack and Burgess Meredith.

Durning as the gladhanding Mr Big is unforgettable: pinprick eyes disappearing in folds of grinning bonhomie one moment, popping out from furious-blancmange affrontedness the next, and climaxing the film in narrowed rage as he comes brusquely clean to a Catholic confessor: "It's been 20 years since my last confession, Father. I've had a lot of things to do."

Round this roly-poly evil genius the film spins its tremorful tale of Sacred and Profane bureaucracies, and whirls its crackling, caged-panther double-act of De Niro and Duvall. Ulu Grosbard directs with sombre and subtle agility, and Joan Didion and John Gregory Dunne wrote the simmering script from Dunne's novel.

*

In *Shogun*, a 2½-hour trawl through the inscrutable, not-to-say insufferable East, Richard Chamberlain plays an English ship's pilot washed ashore in 17th century Japan and facing summary execution as a pirate: doubtless due, though no one in the film hazards the idea, to the time-honoured Eastern confusion of 'ls and 'rs. Mr C. escapes, however, and goes on to spend a small lifetime becoming the favourite Samurai of top Shogun candidate Toshiro Mifune.

Battles erupt, love blossoms with a simpering lady peeled off a China tea-plate, and Michael Hordern and Alan Badel hiccough up midway in don't-blink cameo roles. The film is unbelievably long. With every Japanese conversation being translated for Chamberlain and for us by robed polyglots elocuting v-e-r-y slowly. It's like watching two versions of the same film at the same sitting. The only comforting thought is that the movie began life as an American-Japanese co-production TV serial when, mind-bogglingly, it was even longer.

*

*The End of August* is one of those films, often Down-Under in origin like *My Brilliant Career* and *The Getting of Wisdom*, in which bravely modernist themes (Women's Lib, sexual tolerance) are perversely ball-and-chained to nostalgia-washed period settings. Sally Sharp plays the young American wife straining at the marital leash in 1900 New Orleans and ready to trade-in her poker-stiff upper-crust Creole husband (Paul Roebling) for a handsome young layabout (David Marshall Grant).

The film represents itself earnestly in the Press hand-out as being about the First Dawn of Feminism, but it seems to be more about warmed-over Ibsenism. And sometimes hardly even that: a simple tale, pretentiously period-clad, of a past-first-youth lady throwing *oeillades* like sexual lifebelts at a happen-along Adonis. The script is liturgically literary (from Kate Chopin's novel *The Awakening*) and the stiff to rigor-mortised direction is by Bob Graham.

Better news in a catch-as-catch-can week are *Ceddo* and *The Life and Times of Rosie the Riveter*. In the first, Senegal's Ousmane Sembene sketches a brilliant cinematic arc from satiric pomposity to bloody melodrama in the tale of a three-way tussle between Christianity, Muhammedanism and "local" religion in a remote African tribe. In the second, yeasty comedy leavens doughy Feminism as U.S. documentarist Connie Field explores—with posters, pamphlets and propagandist jingles of the time—how America rounded up women for full-time jobs during the war and then didn't quite know what to do with them, and their new *taste for career independence*, afterwards.

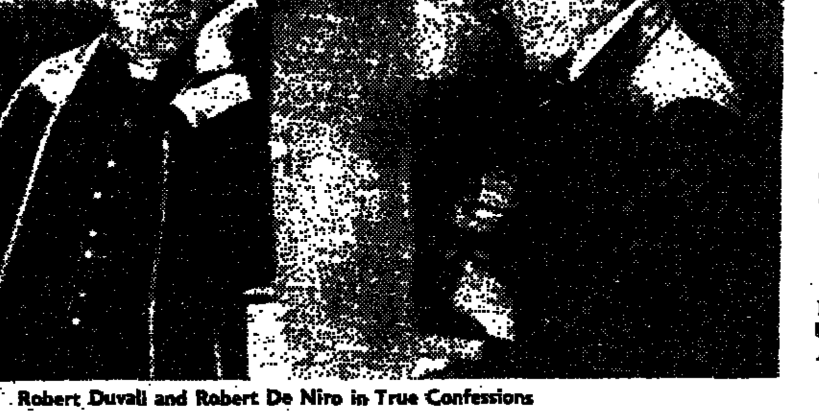
Meanwhile the celluloid-drunk London Film Festival, where films currently stand ear-to-ear, cheek-to-jowl like rush-hour commuters, has squeezed out a gem of gems from its exhaustive hecatomb of movies. Errol Morris's hour-long *Vernon, Florida*, a scatter-brained slice of backwoods Americana, is a movie documentary like no other: more like a *naif* painting by Douanier Rousseau. Rousseau visiting the Deep South, might have painted in just such wonky and pains-taking hues, against the wild efflorescence of the backcloth, the wizened older denizens of a twangy-tongued small-town.

There they stand and burble in a beautific burr—the man hunting turkeys, the man believing that sand grows, the patrolman waiting for speeding offences that never happen, the man preaching a sermon on St Paul's use of the word "therefore"—and Morris, without derision, paints them in funny, glowing, almost saintly folk-art life. They're Prince Myshkins among the Everglades, caught and glassed by a great big-game hunter.

More about the festival and its other revelations next week. (Cinegate have acquired this one for Britain—bombard them with requests to see it). A star of last year's London Festival Abel Gance has died, aged 92. Gance's *Napoleon* billowed out of oblivion in 1980, after five decades of unjust dust-gathering, and showed that even an art as young as the cinema has its buried treasures. *Napoleon* was Gance's best film and his only "great" one; pre-dating almost every stylistic trope that later cinema would mint from *avant-garde* jump-cut montages to Cinerama-size wide screen.

The Frenchman paid dearly, alas, for these flights of prophetic freedom, for heads shook among film moguls at the time and Gance, as his own later films testify, was never given the same liberty again. Happily he survived to see *Napoleon* revived and thrive and to prove that great cinema marches on its stomach for invention and its courage for crossing or crashing the barriers of orthodoxy.

*Vale*, also, this week William Holden, aged 63, after 40 years of flexing a handsomely creased face and an urbanly tough-guy voice with a saw-edge of irony. Holden was a magnetic straight-man in some of the best Hollywood comedies and melodramas ever made—*Sunset Boulevard*, *Born Yesterday*, *Golden Boy*, *Stalag 17*—and a crooked man unforgettably set on dying "straight" in Sam Peckinpah's *The Wild Bunch*.



Robert Duvall and Robert De Niro in True Confessions

Leonard Burt

Jane Carr and Miles Anderson

### The Other Place

# Money by MICHAEL COVENEY

Edward Bulwer-Lytton's Victorian comedy is the final hand in an outstanding season at the Stratford-upon-Avon small house. In its small, respectable way, it completes a satisfactory year, but no great victory is scored for the cause of a piece that was one of Macready's biggest hits

*Bill Alexander's production* has nothing much to commend the popular taste of the mid-19th century. While Ibsen and Farquahar have this year benefited from close contact exposure, the microscopic glare of the Other Place, does only predictable justice to the two fine company scenes of *Money*. It highlights, thanks to Juliet Stevenson's translucent performance, the plight of a wronged lover, and leaves you feeling, well, what was all the fuss about in 1840.

Alfred Evelyn is a poor scholar and gofer unexpectedly blessed in the reading of a dead man's will. The assembled vultures are suitably discountenanced and re-group to witness the loss of Evelyn's fortune in a London club at the piquet table. The trouble is that the life of the characters is totally unrelated to the dynamics of the plot, and we never really know what Evelyn feels about either his former state or his rise to materialistic eminence. It is all deflected through the rapacious reactions of the surrounding society — Sir John Vesey, his porcelain daughter and a collection of mildly differentiated lounge lizards.

Parallel to the main business runs the recalcitrant wooing of Lady Franklin (Miriam Karlin) by Mr Graves (George Raistrick) which has several reverberative comic bumps, but the tedious *tosh of the story and the po-faced playing* of the company does little to relieve the feeling of worthy participation at a pointless resurrection.

Paul Shelley is a strangely unengaging hero, and although Di Seymour's costumes and some careful lighting help the show along, the high standards of this crucial RSC appendage are sadly betrayed.

### Belgrade, Coventry

# She Would if she Could

Half the fun of Restoration comedy for its first audience was in seeing the London they knew mapped out on the stage. George Etheredge's play is a delightful romp, a day in the life of two rakes, two middle-aged country knights and their respective women. The aptly named Lady Cockwood is at the centre of a farcical series of assignations in and out of the Bear Tavern, around the mulberry garden and down by the City Exchange.

After his wonderful production earlier this year of Ron Hutchinson's *Risky City*, there was no chance of Michael Boyd coming up with a routine, powdered revival. The action is unceremoniously updated to the punk rock era and Etheredge's marvellous prose delivered as a heightened tribal language of the concrete jungle.

It is fruitless to pretend that this really works, but the show has a nerve-tingling impact, even at a sleepy Wednesday matinée incongruously packed with OAP outings. The Cockwoods are an arriviste couple from polytechnic academe, the rakes a pair of disaffected youths, the Bear transformed to a gay bar and discotheque, the idle commercial world of the Exchange conveyed by the enervating interior of a Miss Selfridge chain store.

The society is conjured by a show of grim black and white slides, glaringly anachronistic costume and a deafening sound track. The leather-clad Ned Courtall (David Moylan) instigates the proceedings by tossing aside an inflatable rubber doll and summoning Frank Freeman from the onstage shower. *Psycho* flickers on the television, posters of James Dean and Humphrey Bogart challenge a new generation to adopt its own pose, play out its own fantasy.

It is a good idea to subject the play to this treatment, but the application is somewhat haphazard, the visual statements not doing all that much to assist the actors in dealing with the text. Some have more luck than others, notably Maureen Beattie as an emphatically Lallanate confidante and Elspeth Charlton as the insatiable Lady Cockwood chasing her prey over sofas and hi-fi equipment in tight satin trousers. Running for nearly three hours, the show is in dire need of cutting, but for all its faults it is something at least to have a repertory theatre, and a talented young director, blowing a few fuses in the attempt to dress old plays in new styles.

MICHAEL COVENEY

### Venue

# David Lindley

David Lindley is one of the back-up musicians who make Jackson Browne's recordings sound so marvelous. He now has his own band, El Rayo X, and appeared at the Venue late on Wednesday night. He is a brilliant musician, handling guitar, slide guitar and violin, with assurance and feeling. His music is equally varied, although with Trinidadian Ras Baboo on percussion there is some bias towards Afro rather than just reggae rhythms. Often the band sounds like Ry Cooder but Lindley lacks, at the moment, Cooder's personality, and he made little attempt to control the Venue crowd.

Continuing a personal assessment of London sites for Christmas parties the Venue offers music, both live and disco, dance space, eats, and bars. Against this it has a seedy makeshift air. Yet again the average audience is interesting and seldom threatening.

ANTONY THORNCROFT

### Elizabeth Theatre, Vancouver

# Royal Winnipeg Ballet by CLEMENT CRISP

...al Winnipeg Ballet ...with justifiable pride, ...the first ballet com-...he Commonwealth to ...l Royal status—this ...antedating our own ...let's title by three ...Royal Winnipeg is a ...ed troupe, dedicated ...e touring; its history ...rked by upheavals ...first professional ap-...in 1949. But on the ...a couple of perform-...lately in Vancouver, ...ny works from the ...undation of good ...here was a sense of ...cal identity in the ...ich speaks of that ...ining without which ...can flourish. ...nnipeg manner is ...ussed in Vincente ...*Our Waltzes* which ...riple bill, the chain ...who met and em-...ked and parted, had ...distinction in which ...finesse was quite as remarkable as the energy and whole-hearted dedication that marked their interpretations.

*Our Waltzes* takes the piano pieces of Teresa Carreño as basis, their salon pianism having something of the over-decorated and slightly relentless vivacity of player-piano roles. Nebrada matches this with comparable technical effects, but he introduces a stronger emotionalism to liven the relationships between the five couples who are his cast. The RWB dancers happily circle the stage (their style is big, and uses every inch of space: nothing mean or finicky here) and coalisce in moments of deeper feeling, so that, though the choreography finds no true centre for its activities, the dancers give it purpose by their own dynamically brave manner.

In a pleasing cast I admired especially Susan Bennet, very quick and light in accent, and Evelyn Hart. Miss Hart is the company's jewel, winner of a gold medal at the latest Varna Ballet Competition (other winners have included Makarova and Maximova), which indicates something of Miss Hart's qualities. Slender, elegant and harmonious in physique, easy in technique, she combines a poetic dreaminess with flashes of extreme passion, and seems to dance for the sake of the dance itself.

In *Our Waltzes* she is a flame in a red dress, and in one number shows so bold a physical presence that, given a passing facial resemblance, I thought to see the young Plisetskaya again. As Juliet, in the company's full-length *Romeo and Juliet* by Rudi van Dantzig, she is exquisite. The production is cleverly conceived for the relatively small forces of the RWB (augmented to 45 dancers for the staging) and it proposes an ingenious version of the tale, much enhanced by Toer van Schayk's skilled permanent setting of the facade of the Capulet house.

The choreography is efficient, though without much distinction in exploring feeling, but it is justified by the enthusiasm and eager corporate playing of the Winnipeg artists, and by Miss Hart's luminous, passionate Juliet. As the child Juliet I found her too vivacious, but once love has struck, she enters the soul of the character. Her body drifts, hovers over the dances—she must be one of nature's Giselles—and suddenly plunges deep into Juliet's emotions. I thought hers a beautiful interpretation, and one well supported by her Romeo, David Peregrine, who exemplifies the good technical manners and the direct, uncomplicated dramatic style of the Winnipeg male contingent.

Rudi van Dantzig also made the *Four Last Songs* which featured in the triple bill I saw. It uses Richard Strauss's late song cycle for some emotional wallowing that seems a pale echo of *Song of the Earth*, even down to the presence of the dark messenger, well danced by John Kaminski. Toer van Schayk has justified by an evocative drop of a clouded sky, and some glum, dun-coloured outfits for four couples who must agonise in indecisive fashion. Yet a strong cast gave performances of such sincerity that, affected by the autumnal beauties of the music, audiences may well feel that there is serious matter afoot.

This same programme included *The Ecstasy of Rita Joe*, and here I enter very difficult territory. It is a theatre piece, inspired by a play which dealt with the plight of an Indian girl who goes to the bad in the big city, combining film clips of the Canadian country-side and the seedier aspects of city life, warblings by a lady folk-singer of lambent innocence, some dire pronouncements by the voice of a magistrate, with a generous admixture of agitated dance.

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## F.T. CROSSWORD PUZZLE No. 4,729

**ACROSS**

1 Ran off irregularly, putting sweetheart first (6)
4 CO attends end-of-season dance, for a percentage (8)
9 Go round or go back to gallery (6)
10 See Nurse Black once a week (8)
12 Imposing approach to house (different view in backyard) (8)
13 Establishes some tennis at college (4, 2)
15 The Wise Trio appearing in the concert-room, a gigantic one (4)
16 Nasty weather feature coming from S.E. Lothians (10)
19 Whisky-ingredient in short measure (10)
20 Very long time in stalag — escape necessary (4)
23 Chinese takeaway counter? (6)
25 One in favour of trees being developed? (8)
27 Like the reasoning in putting main point in new coil (8)
28 Long address of one in business (6)
29 Inner Temple funds set by for repair of manse led to restoration (8)
30 These quarters just the ticket! (6)

**DOWN**

1 Lord's ground? (7)
2 Greig tour unsettled—could be involved in a row (9)
3 Book in threes? (6)
5 Ring fellows for a sign . . . (4)
6 . . . outside lines beat fellows (8)
7 Spicy port for a king (5)
8 Ink-slinger's revolutionary time at work (7)
11 Watch-regulator sought by bookkeeper (7)
14 Paper trumpet? (7)
17 Old dressing-jacket, peculiar thing to put over a bird (5-4)
18 Checked a beating in the red (8)
19 Liberal way of getting characters to stand? (7)
21 Waves tie up in excess (7)
22 e.g. reversing a small car or spacecraft (6)
24 One of our ancestors — an obtuse kind? (5)
26 Face set up in the sun? (4)

*Solution to Puzzle No. 4,728*

LACKEY ROASTING / GALLON DESERTER / MINISTER APACHE / NEED RUNOVER / VARNISH GAUM / OMASAL PLUMBAGO / NUTSHELL FILLET / THREATEN FELLER

FINANCIAL TIMES
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Friday November 20 1981

# The Bank vs the markets

WHEN THE Bank of England intervened on Monday to check the rapid fall in sterling interest rates — a natural response to events in the U.S. — the published estimate for monetary growth seemed to supply a reasonable explanation for official caution. Since then, however, the fall in U.S. rates has accelerated, and the London market has the bit between its teeth again, with the whole structure of rates tugging at the fragile official peg at the short end; and the detailed money figures published yesterday cast further doubt on the whole attempt to *fight the markets*. What they portray is not inflation, but confusion.

The various measures of money have never diverged so wildly as now. The growth of the official broad definition of money, Sterling M3, is not only much higher than the narrow measures, as is normal when interest rates are high, but it is also much higher than the broadest measure of private sector liquidity. This shows that structural changes have been occurring — notably the drive of the banks into the house mortgage market.

### Impact

Foreign events have also made a major impact. Sterling was weak and sustained by official support during banking October. Some sterling balances switched from foreign to British hands, no doubt reflecting the normal leads and lags of settlements on trade, while British depositors built up their holdings of foreign currency, partly spurred on by rumours of renewed exchange controls. Since the October make-up day, the foreign influences have been sharply reversed, but the structural change goes on.

In these very turbulent conditions, no single measure of money gives any real guidance about underlying conditions, and the whole spectrum of figures can only be understood in the light of a careful analysis of events. Such an analysis must start with the major financial abnormality of the UK in 1981, the civil service strike.

The effect of this strike was to dam up the normal flow of Government revenues for nearly six months, wildly exaggerating the normal seasonal swing between deficit and surplus in Government accounts. As a matter of policy, the Government made as little as it could to offset this distortion, on a view that it would be better to risk the consequences of a temporary surge of liquidity — a threat mainly to the exchange rate — than to take emergency measures which might make the civil service action look effective.

This deliberately risky strategy ran into trouble on two fronts. First, U.S. interest rates rose further and remained high for longer than was envisaged, so that in September the decline in sterling threatened to become a rout. Second, the whole crisis provided a difficult background for the change in monetary management introduced formally in August. The commercial banks were freed from the constraints of reserve requirements at a time when the market was abnormally liquid, and when commercial demand for credit was abnormally low—companies were living off their unpaid taxes rather than bank borrowing. The banks respond to these conditions with an aggressive drive into consumer lending and the housing market.

### Ironic

Shortly after the October make-up day, U.S. rates began their dramatic decline, and the Bank, which had struggled all summer to hold UK rates below international levels, is now pulling hard in the opposite direction.

This seems ironic, since the September rise in rates was only imposed in response to foreign conditions; but the bank now sees itself as struggling with domestic problems. It is true that there are problems, but this does not seem a sensible way to tackle them.

How far is the structural change a problem at all? The figures for broad private sector liquidity, allowing for the remaining effects of the civil service strike, suggests that there is little or no net addition to credit expansion involved. There is simply a growth of bank deposits at the expense of other liquid assets. High short-term interest rates, which might check the growth of total credit after a long time lag, actually accelerate this structural change, for the building societies are less than ever able to attract deposits.

### Resistance

At the same time the effect of fighting the view of the financial markets is confusing, and could prove sharply perverse. The official attempt to peg rates is attracting large foreign inflows, and could readily provoke an outburst of round tripping—the drawing of bank loans to finance money market positions—which could produce still more alarming statistics. Sterling has already recovered; a further sharp rise, due to official reluctance to finance inflows, could complete the work of the September rates rise in undermining the recovery which the Prime Minister was celebrating only this week. Resistance to market forces is merely arrogant. To sacrifice the whole recovery to a set of confusing statistics would be unforgiveable.

THE $6.6bn BID FOR MARATHON

# Now U.S. Steel joins the club

By Ian Hargreaves and Paul Betts in New York

TO ANYONE who has not followed U.S. Steel closely in the last two years, yesterday's $6.6bn bid for control of Marathon, the 17th largest American oil company, must seem like an act of resurrection worthy of Lazarus.

Is not U.S. Steel, after all, the dinosaur which J. P. Morgan and Andrew Carnegie turned loose in 1901 as America's first billion dollar company? Is it not also the company which has been constantly baying at the Government to win protection against imports, while failing to modernise its plants and wallowing in its own gargantuan inefficiencies?

"I don't think the corporation has fallen into the dinosaur category for many years," says Mr David Roderick, who has run U.S. steel for the last three-and-a-half years. Or, as he put it the other day to New York security analysts: "This is a new, young and vital company."

Marathon, with sales of $8.7bn last year and oil-rich holdings in Texas, the North Sea Brae field and elsewhere, certainly seems to like the new U.S. Steel. It has welcomed Mr Roderick as a saviour from the clutches of Mobil, which had bid $85 per share for Marathon against the $125 offered by U.S. Steel for 51 per cent of the company.

Whether the merger, assuming it goes through, will work is the biggest question arising from yesterday's dramatic news. But equally intriguing is the story of how U.S. Steel manoeuvred itself into the position of having the wherewithal for such a large acquisition.

The story, essentially, has three chapters, all of them written since Mr Roderick's arrival in the chairman's office. If they all work out as planned they *may well go down as an* object lesson in how to shake up a large corporation.

The first thing Mr Roderick did was to create a sense of shock. At the end of 1979 he announced that he would close down 13 large plants, taking a $808.6m write-off. This remains the largest in the history of American business.

Although these closures made Mr Roderick deeply unpopular in towns like Youngstown, Ohio, which were blighted as a result, they had the immediate effect of removing $100m a year in losses from the profit and loss account and ensured that steel, albeit marginally, made money in 1980.

Perhaps more important, the closures convinced people within the company and beyond it that Mr Roderick meant business when he said he did not want U.S. Steel to go on for ever producing every type of steel known to man, at a time *when mini-mills using scrap*-based steelmaking techniques can produce construction steel at prices U.S. Steel could never hope to match. Stronger and lighter, said Mr Roderick, were the watchwords for steel technology in the future and those were the types of steel U.S. Steel would concentrate on.

At the same time, Mr Roderick was shifting his management structure to reflect the fact that although steel has always dominated the company's image, it has not for many years contributed much to the company's profits. Between 1975 and 1980, steel contributed 77 per cent of U.S. Steel's sales and just 4 per cent of operating income.

What kept the company in business were its peripherals—railways and shipping, fabrication of steel products, especially for the oil industry, and chemicals, which began as a by-products operation but which has expanded through a series of joint ventures with companies like Texaco to be quite a large player in the bulk chemicals and plastics business.

What Mr Roderick did was to put a group vice-president at the top of these five main business lines and allow them to make their own decisions about things such as research and development and engineering. "I think this has paid off. I think that people are making better total business decisions, rather than just production decisions," he says.

As this heightening of management *initiative at the top* has red down through the regions to plant level, U.S. Steel has been able to claim spectacular improvements at once notoriously ill-run *facilities*, such as the huge steelworks at Gary, Indiana. This was profitable for the first nine months of this year in spite of its heavy dependence upon ailing Detroit as a customer. With the help of re-lines and other modernisation, U.S. Steel now gets as much molten iron from 25 blast-furnaces as it got from 43 only three years ago.

The third phase of the Roderick strategy is more open to debate. Having stated that, in future, the company must finance its own capital needs, he set out to unlock sleeping assets and to use the proceeds for more diversification, the crowning touch of which was yesterday's bid.

He has sold, mainly to Sohio and Conoco, about one third of U.S. Steel's vast coal reserves for about $1bn. He has also sold *the company's cement business*.

The combined result of all these actions was that by the end of September, U.S. Steel had $2.6bn in cash and a $3bn bank line set up to finance a possible acquisition.

Wall Street certainly likes what it has seen. Before the merger announcement, U.S. Steel stock was just under $31, not far from its $35 high for the year, at a time when the Dow Jones industrial average (of which U.S. Steel is a part) is 160 points below its peak.

However, Marathon should not perhaps get over-excited about its newly glamorous partner. Apart from the fact that almost half of U.S. Steel's profits so far this year came from asset sales, leaving a modest real return on sales of only 6.3 per cent, much of the improvement in steel profits in the first nine months stems from the boom in oil industry demand for tube and pipe.

This has meant fat profit margins *for a product* which even last year accounted for a fifth of the company's sales dollars.

The problems which remain to be tackled are plentiful. In chemicals, for example, where sales have grown from $807.8m to $1.5bn between 1978 and 1980, aggregate operating profits were only $156m, a 4.4 per cent return on sales before taxes.

Then there is steel itself, where the structure of the industry's wage agreement guarantees that wages will rise in line with general inflation at a time when steel prices are rising much less quickly than that. And there is the trade issue, with U.S. Steel again leading the fight to block cheap imports, a sign itself that U.S. Steel still sees this as the only way to build up profit-ability across the bulk steel product range.

Modernisation also has way to go. Current plan most ambitious for years that just over 30 per c U.S. Steel's output w continuously cast by the 1980s. But this is less half the level in Japan ar well behind Western Eu

It can, in fact, be persu argued that all Mr Ro has so far done is the c and the belated. Certain merger with Marathon none of the uncomfortabl of life for the steel indu the company.

What, then, are the benefits of creating a s giant which will rank n the Fortune magazine the top 500 companies combined sales of over

From Marathon's po view, the major aim ha to remain managerially pendent. U.S. Steel offe to Marathon just as offered it to Conoco.

The merger will also form Marathon, which is tially an oil produce refiner, into a more int energy company, comp ing U.S. Steel's coa chemicals. But ever advantage is questionab ing an oil glut.

There are also other Apart from U.S. Steel hoard to be used in the neither company has ve resources. So it immediately obvious Marathon will get the tion funds it needs to a four-year decline in and gas reserves.

U.S. Steel, for its par large capital resour modernise steel plants.

There are also marks about manageme

It may be also that i to sharper managemen be reduced rather increased by creating Steel a large inter market for its oil products.

There will also be a about whether U.S. S paid too much for Ma oil reserves. At $85 pe Mobil had offered $ barrel, which was cons snip. At $125, U.S. offering about $4. The than the $6 per barrel paid for Conoco and we the $9 paid two year Shell Oil for the Belric

This in itself is pro single biggest attract U.S. Steel (as it was Dupont). But it ha balanced against a oil market. Decon natural gas, if it would, however, provi boost to U.S. Steel's pr as 35 per cent of Mi domestic reserves are

Yet perhaps the worry of all is the f this new generation trial and energy supe is being manufacture heat of defensive manoeuvres on Wall These may hardly be cumstances for soundly based i groups.

U.S. Steel is the largest American steelmaker, with sales last year of $12.5bn and net income of $504.5m. It also has a large chemicals operation and profitable subsidiaries in railway, shipping and steel fabrication—particularly the oil industry. In chemicals sales in 1980 were $1.5bn and aggregate operating profits amounted to $156m.

LARGEST U.S. STEEL MAKERS

| | Volume of steel shipments for 1980 in net tons | % of sales in steel and related products | Other principal interests |
|---|---|---|---|
| U.S. Steel | 17.1m | 62 | Coal, transport, chemical |
| Bethlehem Steel | 11.68m | 88 | Shipyards, shipping, plastics |
| Jones and Laughlin (LTV Corp) | 6.99m | 47.5 | Aerospace, meat, food products, shipping |
| Republic Steel | 6.29m | 100 | — |
| National Steel | 6.6m | 86.26* | Savings banks, aluminium |
| Armco Steel | 5.4m | 49.1 | Coal, oilfield equipment, advanced materials, insurance, other financial services |
| Inland Steel | 5.3m | 97 | Housing development, real estate management |
| Wheeling Pitsburg | 2.21m | 100 | — |
| Ford | not released | not broken out | Automotive, aerospace, financial, insurance |
| Kaiser Steel | 1.47m | 100 | — |

* Does not reflect recent acquisition of United Financial Corporation.

Marathon is the 17th largest U.S. oil company. It had revenues of $8.75bn last year and profits of $379m. It is one of the largest independent U.S. oil companies based in Findlay, Ohio, and employing 15,000 people. Its assets total $5bn. Its oil and gas production in the U.S. averages 168,275 barrels a day

## WHY MOBIL LOST OUT AGAIN

IT WAS hard not to feel a little sorry for Mobil yesterday. For the fourth time in barely three years, the giant oil company's dream of buying another major oil company has again been frustrated.

Mobil, the country's second largest oil company after Exxon, has long sought to boost its own dwindling oil and gas reserves in the U.S. by acquiring another *company (as well as speeding* up its own exploration programmes). It first tried with the Belridge oil company but was beaten by Shell Oil. It then tried with Seagram's U.S. oil and gas interests but was out-manoeuvred by Sun. This year, it set the pace in the huge battle for Conoco but lost out to Du Pont.

Even after the Conoco defeat, Mobil would not give up. Last month, it surprised the industry with its $5bn bid for Marathon. But once again, it looks like being thwarted — this time by U.S. Steel.

In a sense, the current battle for Marathon is shaping up into a replay of this summer's Conoco saga. The same investment bank, First Boston, which *plotted Du Pont's successful* strategy, has devised practically an identikit tactic for Marathon by finding a strong white knight disposed to pay a high price and locking up the deal by offering U.S. Steel an option to buy Marathon's single biggest asset—its interest in the Yates field in Texas

Although Mobil has not yet chucked in the towel—and could well come up with a higher counter bid for Marathon—at this stage it looks like a losing battle.

Mobil lost Conoco, a much larger company than Marathon, because of fears that the U.S. anti-trust authorities would block the deal. But the Justice Department never ruled one way or the other about a pos*sible Mobil-Conoco combination.*

Nonetheless, Wall Street and the oil industry in general does not believe that Mobil will give up. If it fails with Marathon—in many respects a much better fit from Mobil's point of view than Conoco—it is expected to go for someone else.

With the current depressed stock prices of all major U.S. oil companies, Wall Street has become a cheap place to buy oil, and a number of other oil companies have become extremely vulnerable to takeover targets. Cities Service is perhaps that most vulnerable of all, but others like Pennzoil, Sun, Phillips, and even Gulf Oil, the smallest of the seven sisters, are potential takeover or merger candidates.

A Mobil takeover of Marathon would have opened the floodgate of other acquisitions by oil companies of oil companies. With the anti-trust issue still to be cleared, other oil companies like Texaco may well prefer to sit on the sidelines waiting to see how the latest twist in the oil industry's merger shake-up unfolds.

# U.S. arms sales to Taiwan

THE SALE of $1bn-worth of F-16 fighter bombers by the U.S. to Pakistan sets an important precedent. It is tied firmly to the understanding that all the help Pakistan is getting from Washington over the next six years—including $3.2bn in economic assistance—will be cut off if President Zia-ul Haq pushes ahead with the development of his country's nuclear programme to the point of exploding a bomb.

The trouble with tying arms sales to political conditions is that, once the country concerned has taken delivery of the weapons, it can throw the conditions out of the window and look elsewhere for its next *batch of arms*.

It would have been helpful if President Zia had agreed at least to discuss the possibility of signing the nuclear Non-Proliferation Treaty, something which he has been understandably reluctant to do since India has not and shows no sign of doing so.

### Conditions

Still, the agreement imposes conditions during its lifetime *which are specific enough* to be workable and should serve as a benchmark for subsequent arms deals in areas of potential instability. It is a step in the right direction.

The U.S. Administration now faces the problem of whether to sell advanced weapons to Taiwan and, if so, of what kind. The issues here, in the face of loud objections from Peking, are of a different order. Conditionality may not be so relevant as in the case of Pakistan though it may have a role to play nevertheless.

Taiwan is making something of a test case in its relations with the U.S. over its request for advanced fighter aircraft, new missile and radar systems for existing aircraft and sophisticated ground defence weapons.

China has responded with a carrot-and-stick approach. It is wooing Taiwan with a superficially attractive offer for reunification 31 years after defeating the Kuomintang forces. At the same time it is threatening dire consequences for the U.S. if President Reagan should agree to Taipei's requests.

### Worried

The Taiwan issue is an emotional one for mainland China. The likelihood of a swift and firm response to a sale of advanced U.S. fighters to Taiwan —ranging from a withdrawal of ambassadors to a break in trade relations—is high. That much is clear and the U.S. is understandably worried about such a possibility.

By the same token a refusal by the U.S. to sell any new weapons to Taiwan's largely American equipped forces would be interpreted as the abandonment of a pro-western ally in the face of crude threats from a communist power. Taiwan may, intermittantly, have been part of China. But the reality today is that it is a sovereign state in all but name and, as such, must be allowed adequate defence forces.

The question of eventual reunification between Taiwan and China is a matter for the two governments to sort out.

If the aim of American policy is to encourage an eventual dialogue between China and Taiwan while maintaining ties with both countries then some compromise will have to be struck.

The sale of a modest but adequate package of arms to Taiwan by the U.S. would have the effect of serving notice to Peking that it cannot take American policy for granted. And, even if Washington cannot force Taiwan to open talks with China, a continuing relationship would at least permit it to nudge Taipei's obdurate leadership in that direction.

# Men & Matters

## Sir John leaves BET

A remarkable—but relatively unpublicised—industrial career ends with the retirement yesterday of Sir John Spencer Wills as chairman of British Electric Traction, the transport to television conglomerate.

Doubtful whether, for instance, even a handful of the thousands streaming delightedly from Wembley the previous night would have known that he runs the Stadium. Or whether those who rent Rediffusion TV sets and watch the programmes of Thames Television are aware of his interests in both.

*That BET is so widely in*volved in the country's everyday life from oil development to laundries, freight to leisure and newspapers to waste disposal, is due in great part to Sir John himself.

When he joined BET 60 years ago it had only just begun to move from its original business of generating electricity to run trams into wider transport and power supplies.

Sir John entered the company as a 17-year-old personal clerk to its founder Emile Garcke, whose grand-daughter he married. He moved on to the group's main board in 1939 and in 1946 became managing director. It was during the next 20 years, unde rthe encouragement of then chairman Harley Drayton, that Sir John began to pursue the policy of diversification that has turned BET into the present multi-armed giant.

He took over the chairmanship after Drayton's death in 1966—and almost immediately had to face two major blows to BET's operations. Labour Transport Minister Barbara Castle nationalised the buses and BET sold its bus interests to the nascent state company for about £35m. Then the Independent Television Authority declined to renew Rediffusion's rich London weeday franchise, forcing it to play a lesser role in the new station Thames.

The reverses proved no more than a temporary setback. Sir John went on diversifying, extending further the routes he had already taken, and expanding abroad.

BET's pre-tax profits fell last year from £70.9m to £60.8m—but Sir John leaves shareholders with a group in which he says "nowhere is the future viewed with apprehension."

He presumably will now have more time than he has ever found before to pursue what he claims is his favourite recreation: "complete idleness."

Behind him, when he retires in June next year, the succession will take place with what seems long-planned .. order. Deputy chairman and managing director Hugh Dundas, a wartime fighter ace, and one-time journalist who joined the BET board in 1973 from Rediffusion, wil take over as chairman.

Sir John's son Nicholas, who became an executive director in 1975, wil succeed Dundas as managing director.

## Defence bonds

There are civil servants—and then there are the civilian servants of the Ministry of Defence, I discover, who are quite different. At least, according to the MoD's breakaway staff association which has been pleading for special treatment to the Commission of Inquiry into Civil Service Pay.

*It is not just* that they serve in the air, afloat and, on occasion, underwater as well as on land that makes them unique. Or even that they are subject to uncivil abuse abroad as well as at home.

No, says the association's secretary G. H. Lawton, the reason they should not be "lumped together" with other civil servants is that their personal behaviour must be "above reproach."

Private lives and habits must be so ordered that there is no risk of compromise or blackmail by subversive elements and spies. "Restrictions are imposed on foreign travel in Communist and certain other countries." Lawton says. Marriage to foreign nationals may be prohibited and even friendship banned.

Bankruptcy, debt, sexual promiscuity or perversion, and heavy drinking are out, he adds. Political activity in the extreme or psychiatric treatment give cause for concern. Even inattention to security procedures or driving disqualifications are "signs of personal weakness or inadequacy" that no MoD civilian could afford.

Such well-laundered character surely deserves its reward: But I am at a loss to understand Lawton's additional demand that "dirty linen should be washed in private."

## Chamber music

Much to the embarrassment of the International Chamber of Commerce, a bitter tussle has been going on over who shall play host to its tri-annual convention in Manila this weekend.

The Philippines Chamber of Commerce and Industry which had expected to play the role now finds itself playing second fiddle instead to the rival Philippines International Business Council.

Each group claims to be the premier business organisation in the Philippines and their rivalry is long-standing. The Business Council has invited the Chamber to join it to form a single organisation but the overture has been rejected.

To the relief of the ICC, however, the Chamber has decided not to boycott the convention despite its failure to get the job of official host. President Fred Elizalde remains a member of the organising committee and his members are registering as delegates in their personal capacities.

But the competition between the two groups was not quite what Carl-Hendrik Winqwist, the Paris-based ICC's secretary-general, had in mind when he called on the 1,500 delegates from the rest of the world this week to follow "the entrepreneurial spirit flourishing in South-east Asia."


"I've heard of Beatlemania, but this is ridiculous!"

## Grave news

From a report of a Kent council meeting: "He said that although young people could see the advantages of cremation, many older people were disinclined to accept it. There was still a lot of spade work ot be done before they could be convinced."

**Observer**

POLITICS TODAY FROM HUNGARY

# In praise of moonlighters

By Malcolm Rutherford in Budapest

IT IS a Hungarian ... who is seeking to ... the relationship ... the country's tendency ... jokes and the state of ... national morale. The thesis ... that when morale is high, ... begin to flow. ... morale is so-so. Most jokes are about Poland. ... what is the difference between Poland and Yugoslavia? Answer: One year. Or, ... would you go to rape a woman? Answer: To the Soviet border, because ... couldn't cry for help.

... overshadows everything. The Hungarians believe ... that if the Russians ... Poland, Hungary will go ... is well. Yet the reaction ... to accelerate the ... economic revolution ... people call it an experiment, but revolution is not too ... a word for it. Anyone ... wants to look at a country ... to break away from a ... economy to something ... to market economics ... examine Hungary. Mrs ... Britain pales by comparison. The Hungarians are seeking to do things which Mrs Thatcher has not even ... to try.

Moreover, they are acting in ... circumstances. It is not ... the shadow of Poland. Geography and post-war history ... that Hungary has to be ... permanently looking over its shoulder at the Soviet Union. ... the outcome of the ... revolution in 1956 ... that the country was given ... freedom of action in the ... economic sphere, but the price ... almost complete orthodoxy in foreign policy within the Warsaw Pact. The Hungarians ... now seeking to exploit that ... room of action to the full.

They are doing so from a ... of negligible natural resources. They have been hit ... as anyone by the rise ... prices, since the Soviet ... from where the bulk of ... oil comes, now tends to ... the Opec price. They ... not unaffected by the world ... since about half of ... external trade is done outside the Comecon.

What is striking, however, is ... they have reacted to the ... difficulties by seeking to make ... economy not less, but more, ... The initial Hungarian economic experiment — the greater use of the price mechanism and the encouragement of private agriculture—is by now pretty well known. But the Hungarians are today seeking to go much further down the same road.

"It is not," said a senior economist, "in spite of the difficulties, but because of them, that the economy must be exposed to market forces."

Otherwise, he went on, the old attitudes would be reinforced. There would be an expectation of ever-increasing social expenditure out of a budget that would have ceased to rise in real terms. There would be a belief in the right to hold the same job for the whole of a working life, a job which in the Hungarian case might have been held by the father and grandfather before. The bureaucrats and the managers of the socialist regime would insist on keeping their place and change would become impossible. In short, there would be a retreat to extreme conservatism, otherwise known as the socialism of the 1950s. The Hungarian term for it tends to be Stalinism.

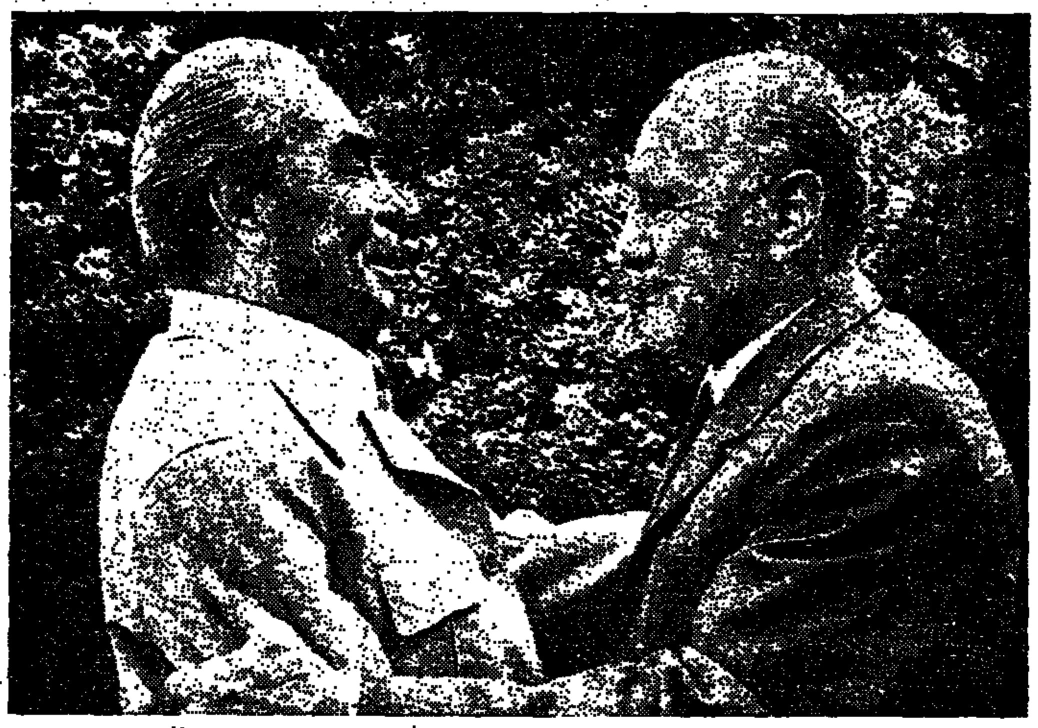
*The most dramatic development* recently was the decision last month to join the International Monetary Fund and the World Bank. It was dramatic in the sense that the Hungarians made it without *consulting the Soviet Union.*

The idea had been vaguely around for a couple of years, but the decision was not generally known to be imminent. So far as one can gather, the Hungarians told the Russians one day before officials took an aircraft to Washington to lodge the application. There *was no time for the Russians to* say no.

A team from the IMF should arrive in Budapest next week to examine the economic statistics, and membership should be a formality by early next year. Among other things, the currency will become internationally convertible.

The Hungarians will not say whether they wish to make an early drawing on IMF facilities. It is possible that they think that membership alone will be enough to maintain their international credit rating. At any rate, the decision to join is another sign of the desire to make the economy more open.

There have been other



Hungary has to be permanently looking over its shoulder at the Soviet Union. But under the leadership of Janos Kadar (right), the Hungarians are seeking to do things which Mrs Thatcher has not dared to try.

developments in the past few months which show their determination. For instance, the Ministry of Labour has been abolished on the grounds that it did little to resolve what is considered to be one of the main economic problems: namely, the obstacles to the mobility of labour. *It was just another* bureaucracy.

There used to be three *Departments of Industry: heavy,* light, and steel and engineering. There is now one. According to economic officials, the amalgamation has been accompanied by a significant reduction of staff.

There is also a policy which Hungarian economists say can best be translated into English as "demerging." It means that the state entities are being encouraged to break themselves up into smaller units. *Again,* there is some resistance from managers and bureaucrats who see their entrenched positions under attack, but the policy is going ahead, none the less.

In the New Year a new policy will be introduced to encourage the formation of small businesses. The details remain obscure, but the principle is to promote developments in industry which have already taken *place in agriculture. That is,* there will be a larger element of privatisation.

*Part of the thinking behind* the new policy is based on the study of what is known in Hungary as "the second economy." In Britain or Italy it is more likely to be known as moonlighting. But the extent to which it exists in Hungary is remarkable even by Italian standards.

The Hungarian workforce numbers about 5m. About 250,000 are engaged in the *legitimate private sector* or those private enterprises which have already been allowed to go ahead. Yet as many as 75 per cent are reckoned to be engaged in the second economy in one way or another.

According to a recent publication: "The percentage of those active in some areas of *the second economy is 40* for workers in industry and building construction, 90 for physical labour in agriculture, 20 to 25 for the intelligentsia and 40 for old-age pensioners. Time spent in second economy pursuits equals 16 to 18 per cent of the society-wide working time base of the socialist sector. The products and services offered by the second economy provide about one-sixth of the total consumption by the population."

The Hungarian economists who appear to run the country draw a striking conclusion. It is that the energy which goes into *moonlighting* is a sign of the will to work and to be creative. It ought to be encouraged, rather than frowned upon. If it is, there might even be larger tax revenues. Hence the desire to promote more small private units. The incentive is frankly recognised to be the profit motive.

The same publication, referred to above, notes that the fact that "in the socialist state workers are also proprietors of the factors of production, *including their own place of work,* affects their behaviour very little." On the contrary, "wage earners cannot be compelled or expected to exert incremental efforts without the provision of direct material incentives."

*None of that should be taken* to imply that there is anything like a Hungarian economic miracle. There may have been in the 1970s when Hungary far outstripped the other East European countries and had a growth *rate that might have been* envied in the West.

Today that is over. It is the same picture of stagnation that is common in much of Western Europe. There is the same talk of the impossibility of financing *the rising demand for social* welfare when growth has practically stopped.

There is also a remarkably similar picture when it comes to education. Hungarian parents tell you that discipline in the schools has all but broken down. The children don't learn anything and the teachers don't try to teach. University education was expanded too fast and there are too many university professors who are not intellectually up to the job.

Yet the remarkable fact about Hungary is that people are trying *to respond to the crisis not* by a retreat into the past, but by seeking to become more competitive. A major reform of the educational system is apparently under way.

There is a heavy element of politics in the background. Mr Janos Kadar, the party leader, has been the Hungarian hero *since shortly after the revolution* in 1956. He is not expected to go on all that much longer. The economic reformists are determined to push through their liberalisation before he goes.

Finally, back to *jokes.* Hungarians say that the football match with England at Wembley this week was rigged because the result kept Romania out of the World Cup. It is not entirely clear whether that is a joke

# Lombard

## Sudden euphoria on Wall Street

By David Lascelles in New York

SOMETHING HAS clearly bitten the U.S. credit markets, as anyone who has watched U.S. interest come tumbling down must realise. But what is it? Euphoria? Possibly. There is a huge sense of relief that the period of excruciatingly *high interest rates may finally* be over. Or is it panic? Investors have been waiting for so long for the great bond market rally that none of them want to miss the train now that it seems to be leaving the station.

Whatever it is, the heart rather than the mind seems to have the upper hand. The *astonishing thing is not so much* the strength of the rally as the ease with which the market has *shed its obsessive fears about* the bulging government deficit. Only three months ago, those fears sent Wall Street into a steep tailspin.

Yet nothing has really changed since then. The deficit has not suddenly vanished into thin air. If anything, the outlook for Washington's borrowing needs has grown a lot more alarming in the last month or so. The economic recession will sharply reduce tax revenues. Outlays for unemployment will rise. President Reagan seems to have wrung all the spending cuts he can out of Congress, yet he has firmly turned his back on boosting taxation to balance *the budget instead. It is already* glaringly obvious that the U.S. Treasury will have to borrow a lot more next year than it did this year. So why all the rejoicing?

One should not expect markets to behave rationally, of course. But it is fascinating to observe the crop of fashionable arguments that has sprung up in only the last fortnight to justify the rally.

One is that history shows little or no relationship between the size of the government deficit and the level of interest rates, so the budget problem does not really matter. Whatever the merits of this thesis (which is one of the most popular), it was precisely because Wall Street thought such a link did exist that it spent most of this year with sweaty palms. Another is *that the recession will take the* pressure off credit demand, so interest rates will keep going down. In the corporate sector, maybe, but companies have been a negligible factor in the bond market anyway because few of them have been able to afford recent borrowing costs. *Meanwhile, the really big* players, like federal, state and local governments, will be coming for more than ever before.

A third is that the Reagan income tax cuts will produce a surge in investment which will more than offset growing credit needs. How many people have actually sat down to calculate the extra disposable income they will reap from this year's five per cent tax cut when inflation is running at nearly ten per cent? Disappointment awaits all who do.

Possibly the most intriguing of all these rationalisations is the growing notion of a safe deficit (collectors of buzzwords, please note). This says that the credit markets can live with a certain amount of government borrowing. *The only question* is, how much? Sixty billion dollars like last year, $100bn which could be the case this year, or even $120bn as featured in some "worst case" scenarios? Of course credit markets can meet government demand for credit: that is one reason why they exist. But the safe deficit *idea sounds a bit like asking* how long is a piece of string.

It will be wonderful for everyone, abroad as well as in the U.S., if the euphoria lasts a bit longer. And the drop in inflation along with the Fed's tough monetary policy are grounds for hope.

But it can only be a matter of time before all the old fears return to haunt the market. Then the question will be *whether those hoary ghosts can* still strike terror into Wall Street and set off another slump, or whether investors have really taken new heart. As they say on Wall Street, that's a tough one to call.

# Letters to the Editor

## ...cking winners in business has a different form

...m Mr C. J. Dauris

...—Picking winners among ...s that show a good return ...e investment is notoriously ...ult. Picking winners among ...esses is inevitably harder ...se they are affected by far ... variables.

... David Orr's proposal ...bard, November 13), that ...rtnership of industrialists ...umably of the established ...t "establishment" variety), ...s unions (presumably their ...als), scientists, politicians ... civil servants should decide ...h industries to back with ... money, is hardly a recipe for success. Not only are such people removed from enterprise: *union officials and civil* servants at least are more usually active in hindering innovation than in promoting it. Entrepreneurs who have had to contend with vested interests would be unlikely to select such candidates as pickers of winners.

In any case, the criteria for *investments tend to be less* strict in backing businesses, or horses, with other people's money. Therefore, if Sir David's proposal was ever adopted, it would be politic to apply a little of that restraint which disciplines entrepreneurs. All those *in the "partnership" should be* obliged to invest just 20 per cent of their personal wealth (including the capitalised value of pension rights) in equity in each of the businesses they recommended for "special state aid." If the aid went only to winners, there would still be no shortage of candidates for *the selection committees.*

C. J. Dauris,
*Goodalls,*
*Middle Street,*
*Nazeing, Essex.*

## ...e greatest prosperity for the greatest number

...n Mr D. Spencer

...r,—It is appropriate that Mr ... Harrison (November 16) ...ld place the words "free ...e" in inverted commas, ...n he uses them in his plea ... "regulation of the textile ...e." These terms are ...ually inconsistent, and to ...y that one can include the ...er would have been as offen... to Mr Adam Smith as it ...t be to a modern scholar of ... Austrian school. Mr Harri... may support free trade or ...lation. He cannot support ...

...r Harrison *claims* that it is ...ir" for trade between ...eloped countries to be ...tally unfettered," but should ... "regulated" where less ...eloped countries are con...ned. Fair to whom? Fair to ...50m British consumers who ...st pay more for textiles than ...essary? Fair to the poor ...kers of the less developed ...ntries, who are denied a mar... for their produce? Or fair to ... Harrison's members?

...r Harrison is right to com...in about the burdens which ...ployment protection place on ...tish manufacturers. But this ...ot a reason to complain about ...eign imports. It is a reason ... complain against unjust ...tish laws.

...s regards the "paid holi...s," "pensions" and "other ...efits" which our workers ...e come to expect, these were ...eed by Mr Harrison's ...mbers when they judged it in ...ir interests so to do. If they ...re over generous, or their ...ployees over demanding, that ...no reason to penalise the rest ... the population by excluding ...s expensive imports. And if ...re has been neither man...rial profligacy nor employee ...ed, but merely changed cir...mstances, causing present problems, so be it. Many people find themselves losers because of changed circumstances: the gilt holder when interest rates rise, the underwriter *when the hurricane strikes,* the farmer when there is a glut of crops. It is no reason to shout "unfair" and legislate greater costs on the rest of the community. Genuine free trade has always provided the greatest prosperity *for the* greatest number of people.

David Spencer.
*40 Floral Street, WC2.*

## Hoping to win by manipulation

*From Professor J. O'Neill*

Sir,—Michael Dixon (Lombard, *November 16) reports* Alasdair MacIntyre as proposing the following argument: true moral argument is now prevented because there is no coherent moral framework for judging whether or not an action is good: all I can convey by telling you something is "good" is that I approve of it and believe you should too.

But MacIntyre is sawing off the branch on which he sits.

(1) He proposes an argument, part of a continuing argument which he hopes to win.

(2) "Arguing to win" entails the moral requirement that all who argue to win concede the truth of a point when they perceive it is true, even if it seems to count against their case.

(3) But this particular argument *MacIntyre hopes to win* removes the necessary condition of winning because the "good" moral requirement (2) which is the necessary condition of winning cannot (by the argument) be binding, since it is only what I happen to approve, here and now.

It follows that MacIntyre's book is either *self-defeating,* or that he hopes to win, not by arguing, but by manipulating us or coercing us.

Professor J. C. O'Neill,
*Westminster College,*
*Cambridge.*

## Amending the voting system

*From Mr C. Edwardes-Ker*

Sir,—I am worried at the lack of debate and analysis on one of the Social Democratic Party's most cherished policies—that of proportional representation. If we are to go by opinion polls, and by by-election and local election results, proportional representation will very soon be with us.

Yet political commentators talk about the introduction of proportional representation in extremely vague terms. As the SDP points out, there is a very important choice to be made between *no less than six* different types of proportional representation. The Liberal Party advocates single transferable votes (STV). The Social Democrats are, as yet, undecided. They do seem, though (in contradiction to the Liberals) to be following the lead given by Dr Owen in pushing for a system similar to West Germany's, but incorporating the additional member system (AMS) *modifications* suggested by Lord Blake. The differences between the two systems are important, and will affect our constitution in radically different ways. STV is a "purer," though perhaps more dangerous form of PR. The AMS, on the other hand, merely uses PR to correct distortions resulting from majority elections.

Charles Edwardes-Ker,
*University of Bristol,*
*Stoke Park Road, Bristol.*

## Company financial information

*From Mr T. Teague*

Sir,—On paper we have a system in this country for making available financial information at Companies House which is *capable of ensuring* that reasonably up-to-date balance sheets and accounts are available for scrutiny by persons wishing to assess the credit risks involved in trading with any one limited company.

Unfortunately, the penalties which are available to the Registrar are inadequate and insufficiently *enforced.*

Under the present arrangements, any company encountering *hard times,* public awareness of which would reduce the credit risks which could reasonably be taken with it, can, for the sake of a maximum penalty of £400 on directors and £1,000 on the company, defer *lodgement* of accounts and thereby defeat the whole purpose of the lodgement requirements. In any case, it would seem that they would have to be about three years in arrear in submissions before suffering any fines at all.

I would like to see the fines on the basis that there is no *top limit and that the penalty* doubles with each month of late submission after the original deadline, unless specific authority for the delay is obtained from the Company Registrar, and an audited statement is made *available for lodgement* and scrutiny at Companies House indicating approximate changes in the tangible net worth and working capital of the company concerned.

T. G. J. Teague.
*10 Seymour Gardens, Surbiton, Surrey.*

## Subsidies to public transport

*From the Chairman,*
*Railway Development Society*

Sir,—I have recently returned from a holiday in Canada and in Vancouver I was able to travel on their excellent urban transport system for two hours for 60 cents (approximately 30p) and in Toronto for any length of journey, including change from *tram to metro, for* 65 cents.

All European cities appear to have cheap, subsidised public transport. I understand that most other countries of the world also have similar cheap fare policies.

This country appears to be dominated by the private car. It is time for a U-turn towards public transport.

R. V. Banks.
*Savernake, 121 Ashford Road,*
*Bearsted, Nr Maidstone, Kent.*

## Advertising and cigarettes

*From Pamela Aylett*

Sir,—Your article (November 12) on Mr Waterson's booklet, "Advertising and Cigarette Consumption," mentions that this is only supplying brand information. *Of course it does not* influence established smokers' behaviour, since they are already dependent on nicotine (which, on inhalation, is equivalent to "main-lining" it, entering the systemic circulation very rapidly and thus the brain).

What is important for the manufacturers is the recruitment of new tobacco smokers: advertising makes this seem respectable.

It is fine to talk about "low tar" as a benefit from advertising, when a change to nicotine chewing gum would mean no tar and no carbon monoxide.

Cigarettes continue to represent the most acceptable form of substance abuse, probably because their use does not lead to very apparent anti-social *behaviour. However, there is a* huge cost to the NHS also for widows' pensions, and fire insurance, and the smoker's example helps to make young people dependent.

Pamela Aylett.
*Westminster Hospital*
*Treatment Centre,*
*52, Vincent Square, SW1.*

## SWAPO change of heart

*From Sir T. Lloyd-Hughes*

Sir,—Mr Moses Garoeb, the South West Africa People's *Organisation spokesman,* has obviously undergone a dramatic change of heart in recent months. His conciliatory remarks about being willing to work with Mr Mudge and the DTA (the present ruling *alliance)* as reported in your paper (November 12), contrast strikingly with his remarks to a German Parliamentarian last year: "If Swapo wins we will not permit the continued existence of the Turnhalle as a political entity. The leaders will be prosecuted. Nobody will be killed immediately but will be sentenced according to laws which we will decide."

No wonder Mr Mudge and the DTA are so worried about Swapo having an unfair advantage in the elections—until this last *announcement* they have known it is not simply democracy at stake but their own lives.

Let us hope that Moses Garoeb's change of heart is permanent and not just political opportunism.

Sir Trevor Lloyd-Hughes.
Lloyd-Hughes Associates,
Namibia Information Service,
*66/70 Borough High Street, SE1.*

# UK COMPANY NEWS

## Akroyd & Smithers dives to loss in second half

THE CRUEL conditions for jobbers in the past few months are clearly revealed in the preliminary figures from Akroyd and Smithers for the year to September 25.

In the second half of the year Akroyd lost £890,000 at the pre-tax level, compared with a profit of £7.76m in the first half and £8.37m in the comparable period of 1980.

However, Akroyd is maintaining some growth in the basic dividend: a 10p net final produces a total of 13.5p which is the equivalent of a 1p rise on the basic last year before the exceptional 2.5p bonus payment made then. Furthermore, it is paying a bonus to staff to cover the second half, unlike Wedd and Durlacher, its main competitor in the jobbing system.

In addition, the directors report that results for the current year to date have been "reasonably satisfactory" and Mr Tim Nixon, the administrative director, said yesterday that "in some ways the year under review has not been too awful."

The market reaction to the news was to lift the shares by 1p to 153p where they compare with a net asset base of 167.3p a share, and yield over 13 per cent.

Total pre-tax profits for the year were £6.87m, against £20.55m last year and £11.13m the previous year.

The directors have continued to adopt a cautious approach to the potential loss arising from the collapse of brokers Hedderwick Stirling Grumbar. The figures include an exceptional provision of £1m against the original loss of £1.85m, although it now seems certain that all Hedderwick's creditors will be paid in full.

Tax took £2.47m, an effective rate of 42 per cent which reflects tax credits due from previous years' top ups to the pension fund.

Earnings are shown at 20.7p a share against 55.7p on an historic basis, but adjusting for current cost accounting produces a much wider gap — from 34.7p down to 1.3p. The major factor in that was a £3.8m monetary working capital adjustment. The 1980 profits only suffered a £4.5m adjustment at that level.

Mr Nixon said that since the year end equity markets have become slightly less volatile compared with the first two accounts for the year. The company was maintaining a cautious approach to dealing but saw some evidence of returning confidence among investors, he said.

Gilts markets had improved, the London market in gold shares was quietly active, and there was an active, though expensive, business in North American shares.

See Lex

### HIGHLIGHTS

Lex looks at the third quarter figures from Royal Dutch Shell where a sharp improvement in oil production margins is largely responsible for the rise in underlying net income to £481m from the £256m of the second quarter. Boots has edged up its half yearly profits though the breakdown shows a big swing in the contribution from the retail side towards the industrial division. The column then briefly looks at the U.S. Steel bid for Marathon Oil before moving on to a review of the London money and gilt-edged markets which featured substantial sales of the new short tap at the tender price. Finally Lex reviews the full year figures from leading stock jobbers, Akroyd and Smithers, where a small loss has been made in the closing six months. On the inside pages results from some leading companies make for unhappy reading. Interim profits from B. Elliott are well down, and Powell Duffryn's half year profits are also lower. Renold has moved into the red. A happier note was provided by coachbuilder Duple, after a sharp interim decline a recovery has been staged in the closing half.

## Godfrey Davis sees improvement

IN reporting first half pre-tax profits higher at £1.81m compared with £1.73m, Mr C. A. Redfern, the chairman of Godfrey Davis (Holdings), says the Ford main dealership's car sales volumes have held up well, but margins continue to be under pressure.

The upward trend in the contract hire and leasing operations continues, and used car sales have produced increased profits. Turnover, which fell from £46.82m to £41.58m in the six months to September 30, and profits are still being adversely affected by the depressed level of commercial vehicle sales and service operations.

Although the house market is sluggish, he says sales of residential homes have been maintained with improved profits. A professional revaluation of the home estate parks was completed in September 1981, resulting in a surplus of £1.46m.

The interim dividend is cut from 2p to 1.5p, but the directors forecast a total of 4p—up from 3.5p for the year.

He is encouraged, despite difficult conditions, to re-affirm the forecast he made in his statement with the annual accounts that profits for the full year will exceed the £2.57m (£3.04m) reported last year.

After first-half tax of £943,000 (£930,000), retained profits emerged at £644,000 compared with £516,000. Stated earnings per 25p share improved from 5.4p to 5.8p. Pre-tax profits were reduced to £1.44m (£1.41m) on a CCA basis.

● **comment**

Godfrey Davis' balance sheet has been transformed by the sale of the short-term car hire business to Europcar early this year. The group now has cash balances of nearly £4m, and so is able to weather the recession in its main remaining business in some comfort. Despite the 13 per cent fall in the profits from vehicle distribution and contract hire to £1.06m in the first half, a big increase in interest income has enabled the group to produce a slight advance at the pre-tax level. The car hire sale should also reduce the seasonal bias in GD's figures so perhaps £2.8m before tax is in sight for the full year. On a fully taxed basis, the prospective p/e is about 9½, while the yield on the forecast dividend is just under 7 per cent, at 85p, up 1p.



## Stocklake ahead at £3.36m

In line with the directors' interim forecast of satisfactory results Stocklake Holdings produced taxable profits of £3.36m—against £3.02m—in the year to March 31 1981. Turnover slipped from £33.86m to £32.11m.

At the interim stage the group, which has interests in exporting, importing and distribution, steel stockholding and finance, was ahead with pre-tax profits of £1.29m (£857,000) and turnover of £15.54m (£14.39m).

The final dividend is being raised to 4.5p (3.15p) net per 25p share, making a total of 6p (4p), while earnings per share are given as 33.75p (36.52p).

Tax took £1.93m (£1.47m) and attributable profits emerged at £1.42m (£1.55m). Current cost adjustments reduced taxable profits to £2.93m.

● **comment**

After an uninspiring record in the 1970s, Stocklake Holdings suddenly more than doubled its pre-tax profits in the year to March 1980 and reported another 50 per cent advance in the first half of the current year. The thinly traded shares have climbed from a 1980 low of 55p to 132p, unchanged yesterday and only a penny off a 10-year peak. The key last year was the independence of Zimbabwe where the group has a substantial steel stockholding business. Although not much detail was provided at the interim stage, it is likely that Zimbabwe made further progress while losses on a form UK men's suiting and fabric manufacturing operation were eliminated. Now the question must be whether or not Stocklake's momentum has again subsided, as second half profits are flat and the final dividend is being raised by somewhat less than the interim. Also, the 33 per cent higher tax charge is a reminder of the uncertainties of operating in Africa. However, the shares look well supported by a p/e on stated earnings of less than 4 and a yield of 6.6 per cent.

## R. Dutch/Shell third quarter pick-up

A STRONG performance by Shell Oil in the U.S. boosted net income of Royal Dutch/Shell Group of Companies for the third quarter of 1981, helping to push the result £33m higher at £424m. Despite the pick-up, however, the first nine months shows an £569m decline at £920m.

Comparison between corresponding periods is facilitated if the effects of the First-in-First-out (FIFO) method of inventory valuation used by most Shell companies and of FAS currency translation and conversion are excluded.

Having adjusted for these factors third quarter net income was 46 per cent up on the corresponding period and almost double that for the second quarter of this year. This improvement between second and third three month periods reflects not only the increased contribution from Shell Oil but also a significant turnround in results of the manufacturing, marine and marketing sector of other group companies. These on a current cost of supplies basis traded at a substantial loss in the first half of the year.

Third quarter dollar earnings of Shell Oil rose by 33 per cent, because of higher profits from oil and gas exploration and production operations and a substantial improvement in the oil products section.

Excluding Shell Oil and Shell Canada, group earnings in the third quarter reversed the downward trend of the first half. Reflecting higher prices, the contribution from oil and gas production operations rose. In addition, the manufacturing, marine and marketing sector recorded earnings which were somewhat above last year's level.

After the losses of recent quarters, the return to profits essentially reflects a reduction in the competitive disadvantage in crude oil acquisition costs. Chemical losses were similar to last year, although lower than in the previous quarter, and the directors report that there are signs that the deterioration in the business has been arrested.

The tax charge increased by £256m to £1.01bn, mainly because of higher windfall profit tax incurred by Shell Oil and a rise in UK North Sea taxation.

Capital expenditure, at £2.72bn, for the nine months was some 30 per cent above that for the corresponding period. The increase in inventories and receivables, net of payables, amounted to £1.19bn—slightly less than that for the half year, mainly due to improved credit terms.

Both short- and long-term debt rose, the latter by £1.65bn, as a result of which the long-term debt ratio increased to 29 per cent. However, of this advance, the currency translation effect accounts for £1.19bn.

Earnings from oil production operations continued to benefit as compared with last year from the strength of the dollar, and also from crude oil price increases. However, equity volumes continued to decline as a result of production cuts in a number of major producing areas.

In natural gas, for the first time, income from the Abu Dhabi NGL project was included. The impact of higher taxation continued to affect the earnings from the exploration and production sector.

Shell Oil's exploration and production earnings increased by 46 per cent in dollar terms. The results continued to benefit from higher prices for crude oil, natural gas and natural gas liquids. Production volumes also rose.

The windfall profit tax was an offsetting factor against the benefit of higher crude oil prices.

Shell Canada's earnings in this sector declined; while natural gas production increased by 6 per cent, production of crude oil and natural gas liquids fell by some 12 per cent. There were higher charges against income in respect of the petroleum and gas revenue tax, and higher exploration and predevelopment expenses.

While the industry oil products demand continued to decline, group companies held their sales of oil products at last year's third quarter level.

Shell Oil's oil products segment achieved earnings of $121m, some 51 per cent ahead for the third quarter. While oil products sales were below last year's levels, margins improved. In the case of Shell Canada, earnings were below last year's level due to weaker products markets which were reflected in both lower sales volumes and margins.

Excluding Shell Oil and Shell Canada, chemicals showed ... of £8m. Increased sales vol (up 14 per cent) and unit proceeds were insufficient offset higher feedstock and costs. However, compared preceding quarters, losses been reduced as a result improved sales volumes higher unit proceeds.

See Lex

**SUMMARY OF RESULTS**

| | Third quarter 1981 £m | 1980 £m | Nine months 1981 £m |
|---|---|---|---|
| Revenues | | | |
| Sales and operating revenues | 12,717 | 9,724 | 34,372 |
| less Sales taxes, excise duties & similar levies | 1,669 | 1,742 | 5,154 |
| Share of associates | 56 | 142 | 260 |
| Interest and other income | 115 | 78 | 312 |
| Making | 11,095 | 8,198 | 29,790 |
| Costs and expenses | | | |
| Purchases and operating expenses | 7,483 | 5,860 | 20,318 |
| Selling, general and administrative expenses | 1,306 | 946 | 3,530 |
| Exploration | 173 | 127 | 457 |
| Research and development | 55 | 33 | 147 |
| Depreciation, depletion and amortisation | 345 | 290 | 970 |
| Interest expense | 178 | 88 | 453 |
| Tax | 1,012 | 766 | 2,971 |
| Minority profits | 13 | 54 | 115 |
| Making | 10,565 | 1,807 | 28,588 |
| Net income | 424 | 391 | 920 |
| Deduct | | | |
| After-tax effect of adjusting cost of inventories sold, from FIFO to estimated current cost of supplies* | 340 | 65 | 680 |
| Net currency translation and conversion (losses on inventories sold and on monetary items | 157 | 47 | 223 |
| Making | 481 | 329 | 1,623 |

* With effect from the second quarter 1981, a different method of allocating tax has been implemented which gives tax credits to loss-making segments instead of allocating such credits pro rata over profitable segments. Accordingly the comparative segment earnings have been restated for consistency. This change in principle has been extended to the calculation of the after-tax effect. † Losses. ‡ Gains.

**Net income by divisions**

| | Third quarter 1981 £m | 1980 £m | Nine months 1981 £m |
|---|---|---|---|
| Oil and natural gas | | | |
| Exploration and production | | | |
| Excluding Shell Oil and Shell Canada | 225 | 205 | 768 |
| Shell Oil and Shell Canada | 226 | 103 | 576 |
| Manufacturing, marine and marketing | | | |
| Excluding Shell Oil and Shell Canada | 236 | 171 | 580 |
| Shell Oil and Shell Canada | 117 | 101 | 270 |
| Oil and natural gas earnings | 803 | 580 | 2,141 |
| Chemicals | | | |
| Excluding Shell Oil and Shell Canada | 19 | 132 | 940 |
| Shell Oil and Shell Canada | 12 | 12 | 37 |
| Other industry segments | 10 | 112 | 722 |
| Earnings from operations | 816 | 486 | 2,102 |
| Corporate items | 1102 | 109 | 1290 |
| Minority interests and net currency translation effects on inventories sold and on monetary items | 1090 | 139 | 167 |
| ** If allowance were made for the after-tax effects of adjusting the inventories sold from FIFO to estimated current cost of supplies, these earnings would be reduced by the following amounts: | | | |
| Oil and natural gas (manufacturing, marine and marketing) | 125 | 65 | 602 |
| Chemicals | 15 | 110 | 38 |

† Losses.

## C. Bailey improves to £0.68m

FOR THE year ended March 31 1981 taxable profits of C. H. Bailey, dry dock owner and ship repairer, moved ahead from £531,455 to £675,219 on turnover of £11.67m, against £10.6m.

The dividend has again been omitted, however, the last payment being 0.4p for 1978/79.

In coming to this decision the directors, as last year, say they have taken into account the general recession, future trading prospects, and have felt that payment was incompatible with redundancies and salary reductions.

Tax for the year was much lower at £11,413, compared with £165,246, and after an extraordinary debit of £188,247 (nil), and minorities, the attributable balance emerged at £475,556 (£337,707).

## ISSUE NEWS

**Cambridge Petroleum Royalties** has applied to the Stock Exchange for its shares to be dealt in under rule 163 (3). Hitherto, the shares have been traded under rule 163 (2) but the Exchange is restricting dealings under this rule from next month.

All applications for the 14 per cent Exchequer Stock 1986 have been allotted in full at £95.75 per cent, the Bank of England announces.

The rights issue by Websters Group has been accepted as to 92.6 per cent of the 2.36m new shares offered.

**SPAIN**

| Nov 19 | Price % | + or — |
|---|---|---|
| Banco Bilbao | 339 | +3 |
| Banco Central | 342 | |
| Banco Exterior | 310 | |
| Banco Hispano | 315 | −3 |
| Banco Ind. Cat. | 117 | |
| Banco Santander | 381 | |
| Banco Urquijo | 314 | |
| Banco Vizcaya | 359 | |
| Banco Zaragoza | 218 | |
| Dragados | 159 | −6.5 |
| Espanola Zinc | 68 | |
| Fecsa | 70.5 | +0.3 |
| Gal. Preciados | 45 | +3 |
| Hidrola | 80.7 | +0.7 |
| Iberduero | 58 | |
| Petroleos | 100.5 | |
| Petroliber | 80 | −1.5 |
| Sogefisa | 43 | −2 |
| Telefonica | 78 | +0.8 |
| Union Elect. | 76.2 | +1.6 |

## Lower UK demand hits Renold

THE severely reduced level of demand experienced by Renold in the UK in the second half of 1980-81 continued through the first half of the current year, and the group reports pre-tax losses of £1.46m in the six months to March 31 1981. There was a profit of £3.2m in the corresponding period last year, and full year profits were £2.95m. The directors say that as yet there is no evidence of any general recovery.

Turnover of this manufacturer of power transmission products and equipment, fell from £67.35m to £60.27m.

Overseas results for the first half were an improvement on the second half last year despite the continuing recession in the U.S. and Europe. The directors say that in the circumstances there was only a small group trading profit—£738,000 loss (£2.3m profit) for UK companies, and £2.44m profit (£3.77m) overseas—and this has been more than absorbed by interest charges. These amounted to £3.16m (£2.87m)—the increase resulted from the higher rates prevailing in all countries throughout the period.

Actions already taken have held the UK level of borrowings which the group expects to decrease by the end of the year.

The board believes the performance in the second half will improve, but considers it prudent to await the full year's results before deciding the dividend to be paid. Last year's only payment was an interim of 2p.

Tax for the first half was £740,000 (£1.65m). No tax (£380,000) was paid by UK companies. The attributable loss before extraordinary items was £2.25m (£1.51m profit). Depreciation charged in arriving at group profit on trading was £1.79m (£2.05m). Extraordinary items in the first half are not material. The accounts for the full year 1980-81 included a provision of £2.42m.

If net assets of overseas companies are translated at June 30 1981 rates, there would be a surplus of some £2m compared with a deficit of £3.74m for the previous full year.

There is a stated loss per £1 stock unit of 5.5p (3.7p earnings).

● **comment**

The financial outlook for Renold remains bleak. Demand is very flat in the UK, where there is still extensive short time working despite all the redundancies, and no improvement is likely until the overall level of capital spending in industry starts to recover. With the activities in continental Europe and the U.S. also under a cloud, a big slice of the overseas profits is coming from South Africa and Australasia. As a result of further reductions in the cost base, the group hopes to achieve some recovery in the current half, and to pay a dividend of sorts. It is also keeping its debt in check, with the help of asset sales and a cut in working capital. But the financial structure of the group remains distinctly lop sided, with total debt of £46m in the last balance sheet. The market capitalisation at 38p is £16m.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Akroyd and Smithers | | 10 | Feb 5 | 9* | 13.5 | 15*‡ |
| Allied Leather | int. | 1.75 | Dec 10 | 1.75 | — | 5.5 |
| Audio Fidelity | | Nil | — | 0.7 | Nil | 0.7 |
| Black Arrow | int. | 1 | Jan 4 | 0.9 | — | 2.5 |
| Boots | int. | 2.88 | Jan 8 | 2.88 | — | 7.5 |
| Braby Leslie | int. | Nil | — | 1 | — | 2.5 |
| Brunning Group | int. | 1.58 | Jan 5 | 1.58 | — | 4.03 |
| Bulmer and Lumb | int. | 1.65 | Jan 5 | 1.65 | — | 3.82 |
| Churchbury Estates | int. | 4.5 | Jan 11 | 4 | — | 12 |
| Godfrey Davis Grp. | int. | 1.5 | Jan 4 | 2 | —§ | 3.5 |
| Duple | | 1.5 | Jan 7 | 3 | 2.9 | 5.8 |
| B. Elliott | int. | 2 | April 1 | 5 | — | 8 |
| Gleeson | | 1.85 | — | 1.66 | 2.85 | 2.56 |
| Lep Group | int. | 4 | — | 4 | — | 16.5 |
| Thomas Locker | int. | 0.25 | Dec 3 | 0.25 | — | 1.06 |
| Nthn. American Trust | | 3.7 | Jan 8 | 3.4 | 5 | 4.6 |
| Porter Chadburn | int. | Nil | — | 1.3 | — | 2.6 |
| Powell Duffryn | int. | 4.7 | Jan 6 | 4.7 | — | 14.25 |
| Pyramid | int. | 0.58 | Dec 21 | 0.58 | — | 2.8 |
| Renold | int. | Nil | — | 2 | — | 2 |
| Singlo | int. | 0.78 | March 1 | 0.78 | — | 1.18 |
| Stockholders Invest. | | 2.45 | Jan 21 | 2.25 | 3.7 | 3.5 |
| Stocklake | | 4.5 | Dec 21 | 3.15 | 6 | 4 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special payment equal to 2.5p. § Directors forecast total of 4p.



## Hopeful start for Galliford Brindley

An encouraging start has been made to the trading at Galliford Brindley, Mr Galliford, the chairman, told the annual meeting. He said inquiries generally remain at a good level, but turning them into orders with an acceptable return has "become progressively more difficult in the last few months."

He added: "We will seek to produce a satisfactory result for the current year and, even more important, to exploit our strengths to ensure continued growth in the years ahead."

In the year to June 30 this industrial holding company reported pre-tax profits up from £3.16m to £3.32m.





THE TRING HALL USM INDEX

113.4 (+0.1)

close of business 19/11/81

BASE DATE 10/11/80 100

Tel: 01-638 1591

OIL INDEX

December Refined $44.0

January Refined $44.4

March Refined $44.40

CORAL INDEX

Close 507-512 (+3)

# UK COMPANY NEWS

## Profits slump at B. Elliott

THE half year ended ...er 30 1981 taxable ... of B. Elliott, machine ...id engineering product ...turer, slumped from ...to £1.12m, and the dividend is cut to 2p ...npared with 5p last time. ...s included an exchange ...f £700,000, against a ...l loss previously.

...Mark Russell, chairman, ...at although trading con... in the UK continued to ...y difficult in the six ... with margins at a low ...he rate of ordering in ...t few weeks has shown ...light improvement.

...he whole of last year 8p ...ds were paid from pre... ...fits down from £11.39m ...56m, on turnover of ...n (£110.96m). Turnover ...for the first half of the ...year fell behind to ... against £54.3m.

...Russell says the home ...ies overall operated ...n line with expectations. ...s from South Africa and ...ia were similar to last ...ut in both markets the ...of activity is gradually ...

...e was a rapid deteriora... ...n demand in North ...a for machine tools and ...rchanting subsidiaries in ...he U.S. and Canada in... trading losses. The ...has, in addition, made a ...itial provision against ...s to be discontinued in ...narkets.

...home, stock levels are ...y reducing, he states, and ...y continues to improve, ...overseas, stocks and bor...s increased in the six ... as demand dropped, and ... were affected by high ...t rates. Outstanding pur... commitments, however, ...w much-reduced, he adds. ...e the line, depreciation ...m (£900,000) and interest ...0 (£476,000), while the ...s was subject to a tax ... of £763,000, compared ...1.4m.

After minority interests amounting to £536,000 (£493,000) and an extraordinary debit of £550,000 (£307,000)—provisions associated with reductions in plant capacity and termination costs—the attributable figure was a £727,000 loss (£957,000 profit).

Loss per share, before extraordinary items, was 1.01p (7.35p earnings) and the interim dividend will absorb £344,000 (£559,000).

### ● comment

Shares in B. Elliott hit a new annual low of 107p with a 3p fall yesterday and now stand at almost half the 1981 peak. Much of the first half fall, which has pulled attributable earnings down by £1.6m into substantial deficit, had been forecast in the last annual statement. The UK operations, as foreseen, were in loss and the merchanting arm which had produced £5.5m pretax in 1979-80, was losing money in the first half and is only now back at about break even point. And there is little immediate consolation from the outlook for South Africa—previously such a bulwark—where the order book has been steadily shrinking. Its sterling contribution has been flat and, in a minor key, its fortunes have been reflected in Australia. That, again, had been predicted but the real surprise was in North America which, as recently as June, was expected to maintain its £900,000 annual contribution, at the very least. It now appears that an ambitious programme to up-date and convert East German machine tools for the U.S. and Canadian market had grown well beyond the bounds of a rapidly shrinking market place, and a hefty above the line provision, perhaps as much as £1m, has been made. Cash flow in the UK is now positive, sterling debt is falling and, although the overseas companies are still absorbing liquidity, Elliott remains confident of paying some sort of final dividend.

## ...nglo ahead 68% and ...pecting good year

...E of 68 per cent in pre... ...ofits was shown by Single ... discount food retailers, ...e 26 weeks to September ...1. The rise from £306,366 ...17,356 reflected further ...s at Norman's (Budleigh), ...d interest costs and ...mprovement at other busi... say the directors.

...company is negotiating ...ber of possible new sites ...rman's, they add.

...directors anticipate, sub... to unforeseen circum... ...s, a good rise in taxable ... for the year as a whole. ...materialises they would ... to recommend an ...sed final dividend of 0.55p per ordinary 10p share, compared with 0.4p last time.

The interim dividend has been declared at 0.775p (same) on increased capital. Turnover for the year moved ahead from £18.09m to £22.01m. In the last full year the group made pre-tax profits of £789,213 on turnover of £38.3m. Head office and interest charges this time were lower at £210,651 (£296,239).

The charge for taxation was higher at £145,627 (£26,300). There was no extraordinary credit this time (£148,763). The amount attributable to ordinary shareholders was down at £365,716 (£417,864). Earnings per share were given at 1.67p against 1.4p last time.

## ...itman back in profit

...E half-year to September ...1 publisher, printer and ... operator Pitman turned ... from taxable losses of ...0 last time to profits of ...6. This compares with ... losses for the whole of ...ar of £936,000. Turnover ... six months was £2.72m ... at £16.18m.

...J. Pitman, chairman of ...lose company, says that ... to the seasonal nature of ...oup's business it tends to ... more profits in the first ...han the second, but he ...s a small profit in the ...t six months and hence ... year as a whole. There ... very little sign of any general improvement in the group's markets, although its export performance is encouraging. The overseas subsidiaries continue to do well.

The improvement was widespread throughout the group, although most of the UK-based units are trading at a level of pre-interest profits which are far from satisfactory, Mr Pitman says.

Pitman Press is back in profit and unit costs are substantially down as a result of staff reductions made last year.

Interest charges were £892,000 (£835,000) and tax took £314,000 (£198,000). Additionally there were extraordinary credits of £283,000 (£726,000 debits).





## T. Locker expands midway

TAXABLE PROFITS of screening and filtration engineer Thomas Locker (Holdings) rose from £592,000 to £802,000 in the first half ended September 30 1981 on slightly lower turnover of £10.12m compared with £10.81m.

The interim dividend is being maintained at 0.25p net per 5p share against a total last year of 1.0625p paid out of pre-tax profits of £1.1m. Earnings per share for the six months are given as 0.88p (0.79p).

The directors say that so long as there is no further deterioration in the economy they anticipate the second half will show a marginally improved result.

Group order books are currently standing at a slightly higher total than last year and the orders booked for September and October showed a considerable improvement over the recent trend.

Overseas companies continued to produce improved results which accounted for 47.7 per cent of the group trading profits compared with 43.5 per cent for the first half of last year.

Pre-tax profits were struck after associate losses of £86,000 (£10,000 profits). Tax took £439,000 (£299,000) of which £222,000 (£134,000) was for overseas. There were minority debits of £10,000 (£23,000 credits) and extraordinary credits of £25,000 (nil) consisting of the profit on the disposal of a property of £31,000 and redundancy and restructuring costs of £6,000. This left attributable profits of £378,000 (£316,000).

## Decline at Bulmer & Lumb

AN IMPROVED interest picture for Bulmer and Lumb (Holdings), the Bradford worsted spinner, was insufficient to prevent a decline in first-half taxable profits from £458,632 to £338,505.

However, this comes with the charging of running-in costs for its new yarn doubling operation at Buttershaw, which necessitated establishing machinery and training operatives.

Trading generally continues to be difficult, the directors say.

Turnover for the six months to October 4 1981 was down from £14.95m to £13.29m. Interest received advanced from £3,176 to £73,667 while interest payable was curtailed to £23,896 against £67,451. Depreciation was charged at a slightly higher £241,583 (£234,353).

The interim dividend is being rounded up to 1.65p net per 20p share (1.64711p). Last year a total of 3.81711p was paid from a taxable surplus of £776,447.

Earnings per share this time are stated as 2.77p (2.61p).

The board says the reduction in both turnover and trading profits reflect the continuing problems of the recession in the industry and severe pressure on margins.

Tax of £99,000 (£233,000) left profits ahead at £239,505 against £225,632. CCA adjustments produce a pre-tax loss of £253,000.

## Stockholders Inv. Trust at £1.47m

Net revenue of the Stockholders Investment Trust fell from £1.72m to £1.47m in the year to October 31 1981, while assets increased from £83.5m to £84.73m.

The final dividend is being raised to 2.45p (2.25p) net making a total of 3.7p (3.5p). Earnings per share are given as 3.61p (4.27p), and net assets as 186.6p (181.3p).

At the half-year stage this investment trust had already fallen behind with net revenue of £647,137 (£801,646).

The net revenue for the year was struck after tax of £872,258 (£1m) and minority interests of £155,901 (£173,469).

## Higher results at Dominion and General

Despite the continuing recession the Dominion and General Trust was able to report a slight rise in net revenue from £248,132 to £252,618 for the six months to December 31 1981. As already announced the interim dividend has been held at 3p and earnings per share are given as 8.01p compared with 5.91p previously.

The directors are pleased to note that the company's estimate of earnings for the current year and next year shows a rising trend. Last year net revenue was £448,438 on total income of £817,846.

They add that the funds which were transferred abroad over a year ago, mainly to the U.S., are now generating income. The flow of income from the overseas portfolio has also been increased by the fall in sterling.

The present estimate of earnings per share for the current year is 11.08p and the directors intend, barring unforeseen circumstances to recommend a final dividend of not less than 7.7p.

Net asset value per share emerged at 322p (314.6p) and total net assets amounted to £14.56m (£14.28m). The distribution of investments showed a rise in the U.S. to 33.1 per cent (28.6 per cent) and in Japan and Far East to 4 per cent (1.9 per cent). The UK came out at 53 per cent (66.7 per cent).

Total revenue rose from £7,083 to £453,654 and included franked income of £309,300 (£306,145) plus unfranked income of £144,354 (£127,938).

## Boots advances 13.9% to £54m at six months

INCLUDING exchange gains of £3.8m, against a £1m loss, pretax profits of the Boots Company expanded by 13.9 per cent from £47.5m to £54.1m for the six months ended September 30 1981. Excluding VAT, sales totalled £680.9m compared with £624.5m, a rise of 9 per cent.

The directors say the retail division's performance in the second six months will depend to a large extent on the important Christmas period, and that the industrial side should continue to make progress.

The interim dividend is maintained at 2.875p net per 25p share—last year's final distribution was 4.625p paid from pretax profits of £121.4m (£121.3m).

The directors explain that the group's sales figure excluded associated companies such as FBC but the 1980 figures included sales of agrochemicals—excluding these, the sales increase was 12.7 per cent.

Sales by the retail division increased by 12.2 per cent, but profits declined by 22.1 per cent, they state. In the UK sales by Boots the Chemists, ex-VAT, increased by 10.5 per cent, of which 2.5 per cent was real volume growth, and Timothy Whites boosted sales by 12.8 per cent, of which 7 per cent was real growth.

Retail trading profits, however, fell because of lower margins, particularly on photographic processing and NHS business, and higher operating costs.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**

Interims:—J. Billam, Nova (Jersey) Knit, Property Partnerships, Security Centres, Victoria Carpet.
Final:—Yorkshire and Lancashire Investment Trust.

**FUTURE DATES**

| | |
|---|---|
| Interims:— | |
| Caflyns | Dec 7 |
| Eastern Produce | Nov 27 |
| Holden (Arthur) | Nov 26 |
| Plessey | Dec 3 |
| Rowlinson Constructions | Dec 1 |
| Finals:— | |
| Cambrian and Gen Secs. | Nov 23 |
| Cardiff Property | Dec 1 |
| Fulcrum Investment Trust | Nov 26 |
| Silverthorne | Nov 26 |

Overseas, substantial progress was made in reducing the losses, especially in Canada.

Sales of pharmaceuticals, consumer products an dchemicals by the industrial division expanded by 14.3 per cent. Pharmaceuticals showed good sales gains i nthe UK and did particularly well in overseas companies, the directors point out. The largest consumer products increases were achieved in the UK and Europe.

Profits of the industrial sector advanced by 24.5 per cent and were helped by exchange gains and a larger contribution from associates.

Pre-tax profits for the half year included a £4.8m (£1.1m) net surplus on disposal of fixed assets, and was after charging £2.5m (nil) company pension contributionsthis was raised after considering the report on the actuarial valuation of Boots Pension Fund on March 31 1980.

Above the line associates share was £1.2m against £0.3m, investment income was much lower at £1.6m (£3.7m) and interest was unchanged at £1m.

After tax of £18.5m (£16.9m) and minority interests amounting to £0.1m (£0.2m), the available balance came through ahead by £5.1m at £35.5m.

Earnings per share are shown as 9.8p (8.4p). On a CCA basis pre-tax figure is reduced to £33.1m (£32.6m), and earnings 4p (4.3p).

| | Six months 1981 | 1980 |
|---|---|---|
| | £m | £m |
| Sales | 680.9 | 624.5 |
| Trading profit | 48.6 | 45.5 |
| Associates | 1.2 | 0.3 |
| Inv. income | 1.6 | 3.7 |
| Interest | 1.0 | 1.0 |
| Exchange gain* | 3.8 | †1.0 |
| Pre-tax profits | 54.1 | 47.5 |
| Tax | 18.5 | 16.9 |
| Net profits | 35.6 | 30.6 |
| Minorities | 0.1 | 0.2 |
| Attributable | 35.5 | 30.4 |

*On net current assets of overseas subs. †Loss.

See Lex

## Powell Duffryn £2.2m down: interim dividend maintained

REFLECTING poor trading conditions in the UK, mainly in its shipping and construction services divisions, and the high cost of finance, pre-tax profits of Powell Duffryn fell from £6.79m to £4.63m for the half-year ended September 30 1981.

Trading profit from overseas operations continued to improve, however, and Lord Sandon, chairman, expects a stronger profit performance in the second half with a return to a more normal seasonal pattern of group trading.

The interim dividend is maintained at 4.7p net per 50p share—last year's total was 14.25p paid on pre-tax profits of £14.01m.

Turnover for the six months increased from £204.47m to £215.82m and with trading profits amounting to £7.53m against £9.1m — overseas £3m (£2m) — were divisionally split as to: engineering £37.7m (£35.8m) and £2.45m (£2.85m); shipping £32m (£34.7m) and £1.05m (£2.31m); bulk liquid storage £6.3m (£5m) and £1.8m (£1.32m); fuel distribution £96.6m (£89.5m) and £1.1m (£1.34m); construction services £43.2m (£38.3m) and £1.03m (£1.91m). Discontinued activities' turnover was £1.1m and trading loss £610,000 for 1980 first half.

In May Lord Sandon said that profits for the first quarter were down mainly because of results of the UK activities, which still reflected the depressed economy.

Above-the-line interest charges rose from £2.31m to £2.91m, reflecting the high cost of finance and planned increases in borrowing, and the pre-tax figure was subject to tax of £1.35m against £1.52m.

After an extraordinary debit for the period of £137,000 (£455,000), the attributable balance emerged £1.67m behind at £3.15m (£4.82). Preference dividends will take £30,000 (same) and the interim ordinary £1.47m (same).

On a current cost basis pre-tax profits are reduced to £1.1m (£4.8m).

| | Half year 1981 | 1980 |
|---|---|---|
| | £000 | £000 |
| Turnover | 215,824 | 204,465 |
| Trading profit | 7,534 | 9,104 |
| Subsidiaries | 6,950 | 7,944 |
| Assocs. share | 584 | 1,160 |
| Interest | 2,907 | 2,312 |
| Pre-tax profits | 4,627 | 6,792 |
| Tax | 1,345 | 1,515 |
| Net profit | 3,282 | 5,277 |
| Extraord. debits | 137 | 455 |
| Attributable | 3,145 | 4,822 |

### ● comment

Powell Duffryn's profits have been on a plateau for five years and, rather than beginning a widely expected upturn, the group is down by almost a third pre-tax at the interim stage and gearing still seems set to rise. But this reverse may be recovered by the year end to set the scene for real growth in 1982-83. The traditional second half bias will probably be restored this year but large tracts of the business, such as the dominant fuel distribution division, are very seasonal and accurate forecasting remains difficult. Industrail fuel tonnage has dropped by a fifth in the first six months and, while a harsh winter would boost demand considerably, stock profits will be hard to come by. However, Hamworthy is expected to pull back much if not all of the £500,000 interim shortfall, construction services are now back with a reasonable contribution after a minimal return in the preceeding six months and, after an adverse £700,000 turnround in tankers, PD has stanched much of the divisional outflow. Reinvestment in the tanker fleet after two disposals will be a difficult decision. Further growth will come from liquid storage and National Pump (although this is predominantly a summer season activity) but debt is expected to reach some 40 per cent, against 30 per cent, by the balance sheet date and income gearing (now 39 per cent) is set to remain a factor for some time to come. That should not affect the final dividend, however, and a yield of 9.1 per cent at 135p, down 5p, still provides useful support.

## Duple plunges from £3.31m to £40,000: payout cut 2.9p

PRE-TAX PROFITS of Duple International, the holding company with interests in coachbuilding, plastics and engineering, *plunged from £3.31m to £40,000* for the year to August 31 1981 despite the group returning to the black in the second six months.

The figures, however, are in line with directors' indications midyear of a possible breakeven situation—the group incurred a taxable loss at the interim stage of £380,000, compared with a profit of £1.8m.

With stated earnings per share well down for the year at 5.42p (21.21p) the final dividend is being halved to 1.5p, which reduces the net total from 5.8p to 2.9p per 25p share.

Commenting on the results the directors say that turnover in the bodybuilding division fell by 12.8 per cent as dealers destocked. They point out, however, that new models have been introduced successfully. Duple Metsec, the bus bodykit business bought in September, made a significant contribution to both exports and profits.

Turnover for the year declined from £24.76m to £20.34m and operating profits emerged at £193,000, against £3.11m.

The pre-tax surplus was after interest charges of £153,000, which compares with interest receivable of £199,000. There was a tax credit this time of £517,000 (£1.13m charge).

After extraordinary debits of £65,000 (nil) for redundancy and associated costs, the attributable balance came through at £492,000, compared with £2.18m, out of which dividends absorb £298,000 (£596,000). The retained profit was £194,000 (£1.58m).

A divisional breakdown of operating profit shows: bodybuilding £475,000 (£3.05m); plastics £86,000 loss (£104,000 profit); and engineering £196,000 loss (£42,000 loss).

Current cost accounting turns the pre-tax profit into a loss of £345,000 (£2.57m profit) and on the same basis earnings per share are given as 1.67p (14.04p).

### ● comment

After a dramatic collapse into the red earlier in the year Duple has produced an impressive turnround into the closing six months with profits of £420,000. This improvement has been generated from the usual seasonal upswing and a more basic underlying recovery in demand. Second half sales of £11.6m are up a third against the previous six months and the overhead structure has been hacked back with nearly a third of the workforce taken off the payroll. Also the year takes in the first contribution from Metsec (acquired from TI last September) which more than covered its financing costs. Looking forward the coachbuilding order book is filling out and Duple hopes to produce a reasonable level of profit next year even though the market remains highly competitive. From the two loss-makers of 1981 a partial recovery is anticipated. The plastics business has widened its customer base beyond the automotive industry and could return to the black while further trimming at the engineering subsidiary should reduce the level of losses. At 36p Duple's cut dividend returns a 12 per cent yield and the shares are unlikely to underperform now trading appears to have come off the bottom.

## Brunning quickly back in black

AFTER incurring losses of *£244,000 in the year to March 31, 1981*, the Brunning Group returned to profit in the six months to September 30, but the pre-tax figure was down from £306,000 in the corresponding period last year to £287,000. Turnover of this holding company with interests in advertising, glass processing and caravan manufacture, was down from £21.95m to £21.51m.

Mr Geoffrey Brunning, the chairman and managing director, says the advertising and marketing companies overall have made a profit similar to last year, although some agencies have *made losses due to the difficult* trading conditions and client cutbacks.

He says the results of the caravan companies are in profit although sales were well down during the first three months of the trading year due to bad weather and the recession. Novolor, the group's glass processing company, is experiencing difficult trading conditions and this year it has been badly affected by two substantial bad debts, for which full provision of £100,000 has been made.

In his previous statement, Mr Brunning referred to the possibility of the sale of Seamaster, the boat building company. It was not possible to find a purchaser, and following losses of £70,000 in the first three months, the business has been closed. All existing stocks have been sold with the exception of a few boats, and the premises are now in the process of being let.

The directors have been pursuing *a policy of improving* liquidity levels with a considerable degree of success. The sale of the Maidenhead property has realised £1.36m and the medium-term bank loan has been paid off.

As the recession has spread to all parts of Europe, Mr Brunning says it is especially difficult to forecast for the current year. However, the directors remain confident that the group will come through these difficult times and continue to trade profitably.

Group operating profit in the first half was down from £485,000 to £354,000. Interest charges were lower at £67,000 (£179,000), and there was a tax charge of £149,000 (£159,000), leaving £138,000 compared with £147,000. There was an extraordinary credit of £385,000 (£89,000 debit).

The interim dividend is unchanged at 1.575p and this absorbs £48,138. Last year's total was 4.025p.

The board has been considering the position of the holders of the 8 per cent unsecured loan stock 1989-94. The amount of stock originally issued was £395,797 and outstanding is £52,000, so it proposes, subject to approval of stockholders, to redeem the outstanding stock on or before March 31, 1982, at par, together with accrued interest.

# Lep £1.2m down and blames UK

A FALL from £3.45m to £2.29m in pre-tax profits is reported by the Lep Group, international freight forwarder, for the half-year to June 30, 1981. The directors say the drop in profits was almost wholly attributable to the UK, where unfavourable trading conditions have persisted.

Nevertheless, they say these results are better than those for the second half of last year, and they expect the second half of 1981 also to show some improvement over the same period of 1980.

Turnover for the first half was little changed at £33.59m (£33.05m). There was a tax charge of £1.13m (£1.52m), leaving attributable profits at £1.25m (£1.92m). The net interim dividend is unchanged at 4p—last year's total was 16.5p from pre-tax profits of £5.03m (£6.77m).

● **comment**

LEP's first half pre-tax profits fell by 40 per cent, which is attributed almost entirely to the UK side, despite the lower sterling rate and the favourable impact of staff cuts. In the freight forwarding division the best performances have come from the company's offices in Germany and the U.S. Confidence overseas is reflected by the opening next month of a new 300,000 sq ft terminal in Vienna. In general, the insurance and travel divisions are holding up better than freight, where the customs strike was a damaging influence. Fluctuations in the level of sterling make it difficult to predict the second half profit, although it is expected to improve on last year's £1.58m. However, at 278p, the price of this thinly-traded share has fallen by some 6 per cent over the past two days. If the final dividend is maintained there is a prospective yield of 8.6 per cent.

# Black Arrow at £252,000

AS PREDICTED by the chairman in September, profits of Black Arrow Group advanced for the first six months of the current year, the pre-tax figure emerging at £252,000, compared with £216,000.

Turnover for the period, to September 30, 1981, improved by 10 per cent to £3.46m (£3.12m) and with stated earnings per 50p share rising from 2.03p to 2.67p, the net interim dividend is being marginally increased to 1p (0.9p)—for 1980/81 a final of 1.6p was paid from taxable profits of £440,000.

Mr Arnold Edward, the chairman, says the improvement reported in his annual statement continued in the second quarter although trading conditions remained difficult.

A divisional breakdown of turnover shows: leasing 18 per cent higher at £912,000 (£769,000); office furniture 12 per cent ahead at £2.05m (£1.83m); and electrical appliances at £496,000 (£526,000), a fall of 6 per cent.

The chairman points out that the recovery in new leasing business resulted in a lower tax charge (it declined from £92,000 to a restated £76,000) which subsequently increased shareholders' profits by 31 per cent to £176,000 (£134,000) out of which interim dividend payments absorb £66,000 (£59,000).

# Braby Leslie setback and omits interim payment

A £10,000 drop to £100,000 in pre-tax profits is reported by Braby Leslie, mechanical and civil engineer, for the six months to September 30 1981. Turnover was down from £15.83m to £14.84m.

There was a tax credit of £51,000 (£48,000 charge) leaving £151,000 compared with £62,000. Stated earnings per 10p share improved from 0.6p to 1.4p on a net basis, with similar figures on a nil basis. Net tangible assets per ordinary share were 90.1p against 89.4p.

Mr L. W. H. Rea, the new chairman, says that due to the continued lack of an overall improvement in trading conditions and the need to conserve resources for redevelopment, the board does not feel justified in declaring an interim dividend. Last year 1p was paid and the total was 2.5p.

He says order books, however, are somewhat improved and activity levels are not deteriorating. Although there is concern that changes in the pricing of steel supplies will have an adverse effect on the profitability of drums, present indications are for an improved second half which, subject to unforeseen circumstances, would admit the recommendation of a dividend for the full year.

Looking at the first half results, Mr Rea says the packaging and metals division remained in profit, although trading was extremely difficult. The process engineering division continued in loss although benefiting from the action taken at Bristol.

Further deterioration in trading conditions has so far offset the improvement at Briggs where losses continued at a high rate. Aerospace and power division produced a lower level of profit due to difficult market conditions for Edgbill, and losses at Vega-Cantley because of low defence spending.

The domestic products division, now fully integrated at Burnley, is operating above break-even level after a very disappointing first half. The civil engineering division, in spite of intense competition, remains profitable.

# Audio Fidelity deficit

The closure of a West German subsidiary and a number of UK retail branches by Audio Fidelity, maker and distributor of hi-fi sound equipment, is to follow its slide into £280,617 pre-tax losses for the year to April 30 1981.

This compares with £99,048 profits at this level the previous year and a £215,041 deficit midway. Although this reflects a second-half performance which improved on the first, the chairman says trading conditions then continued to be very difficult. A full-year loss had been foreseen as inevitable by the interim stage.

Management figures suggest that losses for the first half of the current year will be at a comparably reduced level.

*After the release of £655,988* deferred tax on stock relief the company emerged £375,371 in the black, against £37,458 last year when tax took £61,590.

Nonetheless the dividend for 1980-81 has been omitted. Last time the distribution was 0.7p net per 10p share, cut from the previous 2.5p.

Trading by Fal Orchester-elektronik Vertiebs, the German 90 per cent subsidiary, will cease "as soon as practicable." Its loss was an unexpectedly high £83,000.

The escalation of overheads in *the retail division is identified* as another adverse factor, and certain unprofitable retail branches—the company has about 19 outlets throughout England and Scotland—will be closed at the end of the peak winter trading period.

# Boost in rents pushes M. J. Gleeson to £1m

HIGHER RENTS receivable pushed up taxable profits of M. J. Gleeson (Contractors) from £885,000 to £1.02m in the year to June 30 1981, but the recession and a policy of not tendering below cost caused turnover to fall from £68m to £56m.

At the half year stage this civil engineer, building contractor and property developer was already ahead with pre-tax profits of £465,000 (£450,000) and turnover was down at £29m (£34m).

The final dividend is being raised to 1.55p (1.66p) net per 10p share making a total of 2.35p (2.56p) which absorbs £258,000 (£256,000). Earnings per share are given as 8.93p (7.75p restated).

The directors say there has been a slight improvement in the order book recently but it seems that turnover for the current year will remain at a low level.

The trading results should again benefit from final-account settlements for completed contracts and from the prospect of further successful lettings of commercial and industrial properties, they say. All the group's properties are to be revalued at the end of the current year.

Rents receivable rose from £263,000 to £462,000 during 1980-1981, and taxable profits were struck before crediting £200,000 for past regional development grants.

A change in accounting for deferred tax has released £3.5m which has been taken to reserves, and has led to the comparative tax figure being restated. Tax this time took £122,000 (£110,000 restated) leaving net profits of £893,000 (£775,000 restated). Before restatement last year's tax was £432,000, net profits were £453,000 and earnings per share were 4.53p.

# Downturn at Allied Leather

FOR THE six months ended June 30 1981 Allied Leather Industries has experienced a drop in profits, from £491,221 to £387,721. Sales, however, were maintained at £11.68m, against £11.59m.

After tax of £201,615 (£255,435) the net profit is cut to £186,106 (£235,786). There is also a net realisation of £10,025 (£56,417) on disposal of properties.

The interim dividend is held at 1.75p net—the 1980 total was 5.5p.

# Mellins in loss

The directors of Mellins, clothing manufacturer and property investment company, say that sales for the half year to June 30 1981 declined and with *margins under pressure a loss* of £80,000 was incurred.

They add that although second-half orders and sales show an improvement, it is unlikely they will be sufficient to recoup the loss. Steps have been taken to improve efficiency and reduce outgoings *which it is hoped will restore* the group to profitability, provided there is no further downturn in trade.

Pre-tax profits for 1980 totalled £95,633 on turnover 23 per cent higher at £2.13m.

# Porter Chadburn drops into the red at midyear

THE DECLINE in profits seen by Porter Chadburn in the second half of 1980-81 has continued into the current year and for the six months to July 9 the group fell into the red, incurring a pre-tax loss of £53,500, compared with a profit of £159,800.

Second-half profits last time were £40,950 which reduced the year's total to £200,750 (£674,305). In his review of that year the chairman said steps taken had increased efficiency and that if demand remained static the group should be able to improve its performance to some degree in the current year and move forward in 1982.

The directors now say that turnover for the first six months fell by 19 per cent (it was down from £8.45m to £6.87m) which left sales volume at less than three-quarters of that for the same period last year. All divisions in the group were affected.

They say that steps taken to reduce manning levels and overheads last year did not anticipate such a substantial reduction and it has been necessary to reduce the numbers of direct and indirect personnel still further this year as well as taking advantage of short-time working.

The directors warn that this further action has not, however, entirely counteracted the effects of the recession and no improvement can be anticipated for the second half of the current year "although the levels of inquiries *in some areas show better prospects* for 1982."

Meanwhile the interim dividend is being passed—last year an interim of 1.5p net was followed by a similar final.

The pre-tax loss was struck after interest charges of £132,500 *(£190,000) and was subject to* tax of £900 (£43,000).

The group is involved in the manufacture of brewery and marine engineering equipment and cranes.

### WINDING-UP

R. and G. Associates (London) and Gordon James (Metal Products) have been compulsorily wound-up by Mr Justice Vinelott in the High Court.

# Churchbury lower but interim up

THE ACQUISITION in August of Law Land by Churchbury Estates, another property investment group, has enabled it to raise its interim dividend on the larger number of shares now in existence.

Churchbury's pre-tax profits in the half-year to September 30 1981 declined to £214,460 against £331,147—results for Law Land have not been consolidated, but this will be done for the full year. The share offer, made in July and which closed last week, brought in 97.57 per cent of Law Land's equity.

The interim distribution is being advanced from 4p to 4.5p net per 25p share, last year's total having been 12p when the taxable surplus reached £555,429.

With the 5.14m new ordinary shares as well as a cumulative preference issue ranking for the dividend, its costs rose from £64,000 to £303,539, but the Law Land holding this time contributed £200,453.

The Churchbury directors say that although they intend to have the accounting policies of Law Land reviewed, under existing policies its profits attributable to the parent company would be £105,272 pre-tax from its takeover on August 11 up to September 30.

They also intend at the next annual meeting to change the articles of association to allow Churchbury to buy its own equity.

Earnings per share, incorporating those issued under the acquisition on a time apportioned basis, are given as 4.36p, down from 10.366p. Stated on the previous 1.6m total, earnings were 8.298p.

Rental income less outgoings on the properties was down from £206,560 to £174,278. Interest, investment and other income receivable was also markedly lower, at £142,986 compared with £249,430. The pre-tax figure was reached after administration expenses of £60,423 (£57,435) and interest charges of £42,381 (£37,408).

Tax took £81,695 (£165,292), bringing distributable income to £132,765 against £165,855. Corporation tax of £54,339, arising on the clawback of industrial building allowances previously claimed in respect of an investment property sold, has not been included.

After paying the dividend retained profits emerge at £29,679 (£101,355). Realised capital profits of £27,958 (£233,463) in excess of book value after tax have been transferred separately to the capital reserve.

The directors say the change in Law Land policies to which they referred in the offer document "has begun satisfactorily."

## MINING NEWS

# Canadian metal producers turn in poor results

BY GEORGE MILLING-STANLEY

THE COMBINATION of low metal prices and rapidly-rising costs, especially interest charges, continues to hit the profits of Canadian natural resources companies.

These factors, together with a reduced contribution from the 27 per cent-owned Dome Petroleum, cut net profits of Dome Mines for the first nine months of the year to C$71.1m (£31m) or C$1.02 a share from C$95.1m or C$1.36 a share on the same period of 1980.

These figures include an amount of C$38.3m from Dome Petroleum, down from C$46.8m last time.

Dome Mines is Canada's leading gold producer, and the results include the 57 per cent-owned Campbell Red Lake Mines and the 63 per cent-owned Sigma Mines (Quebec).

Dome's consolidated bullion revenue was C$133.4m, down about 24 per cent, on production of 234,307 oz against 246,206 oz. The average price realised fell to C$569 from C$713 per oz.

*The shortfall in production reflects* a strike at the Dome Mine in Timmins, Ontario, and a 15-day shutdown for mill repairs at Campbell Red Lake.

The last-named, Canada's biggest single gold mine with output so far this year of *141,000 oz, saw net profits for* the period fall by 18 per cent to C$34.4m or 72 cents a share.

Net profits of Dome's other major gold-producing subsidiary Sigma declined by 31 per cent to C$7.1m or 88 cents a share.

The leading Canadian coal producer McIntyre Mines turned in modest net profits for the nine months of C$2.8m or 78 cents a share, down from C$24.4m or C$6.78 a share last time. Last year's results were boosted by a gain of C$14m on the sale of shares in Canadian Superior Oil.

McIntyre's Alberta coal operations made a loss of C$3.5m, compared with a profit for the corresponding period of C$2.9m. The loss reflected higher operating costs and geological *problems earlier this year.*

The coal business now seems to be over the worst of its difficulties, as it recorded a profit of C$1.7m in the third quarter.

McIntyre's results include a contribution of C$11.8m from the 37 per cent-owned Falconbridge Nickel Mines.

Noranda Mines' Brunswick Mining and Smelting subsidiary said that the beneficial effects of higher production levels continued to be offset by low prices and higher costs.

Net profits were C$25.5m or 73 cents a share, against C$26.7m or 79 cents in the first nine months of last year. However, last year's figures were depressed by the effects of a four-month strike in the lead-zinc-silver-copper mining division.

Despite the setback to profits, Brunswick has announced a C$360m plan to construct a zinc reduction plant at Belledune, New Brunswick, in a joint venture with Heath Steele Mines. The plant is scheduled to come on-stream in late 1984.

# Rustenburg defers expansion

WHILE the price of platinum on the free market has sunk to around $381 per ounce—below that of gold—South Africa's Rustenburg Platinum Holdings *and the other leading western* world producers of platinum continue to maintain a selling-price of $475. By the same token it should be remembered that they were selling at $420 last year when free market prices were nearly $1,000.

As reported here yesterday, poor market conditions for the precious metal have led to Impala Platinum deciding to cut its production by between 10 and 15 per cent. Particularly weak has been the speculative and investment demand while that from the U.S. automobile industry has remained depressed.

The annual report of Rustenburg points out, however, that there has been a substantial increase in offtake by the important Japanese market for platinum jewellery, presumably as a result of the fall in the metal price.

Of the other platinum group metals, Rustenburg says that in its past financial year to August 31 demand for palladium remained firm but the free market price fell $200 at the beginning of the period to only $85 at the end. Consequently, the South African producer had to lower its price to $140.

Rustenburg has concluded a further long-term contract for the supply of platinum to the U.S. automobile industry. The company does not announce any plans to cut production but it does say that it has deferred the proposed expansion of the Amandelbult mine in the light of market conditions.

The company's unsold stocks of platinum increased during the final quarter of the past financial year, raising their valuation by R16.1m (£8.9m) to R56.2m. It is pointed out that this balance sheet value is conservative and is considerably below the present realisable value.

No comment is made on the current year's outlook, although on present showing this points to lower profits. But the group has the financial strength to weather the harder times, with all borrowings repaid, and is well placed to take advantage of the eventual recovery in the platinum market.

At 225p the shares yield 11 per cent on the past year's twice-recovered dividend.

# German Creek can go ahead

THE BIG German Creek coking coal project in Queensland can now go ahead, having fulfilled Australia's foreign investment policy of a minimum 50 per cent Australian ownership.

Approval for the development of the project was announced two years ago but the start-up was delayed by the Australian equity requirement. Coal shipments are now expected to start in 1983.

The new partners are: Australian Consolidated Industries, the National Mutual Life Association of Australasia; and the Commonwealth Superannuation Fund Investment Trust, each with a holding of 13.03 per cent. It is believed that each new member paid about A$65m (£39.3m) which included some development cash.

Holdings of the original partners have thus been reduced with Shell Australia having a direct 16.68 per cent (previously 38.83 per cent) and its 42 per cent-owned Austen and Butta Collieries 21.4 per cent (25.83 per cent).

# Hanna extends plant shutdown

CONTINUING sluggishness in the steel market has led Hanna Mining of the U.S. to extend a planned six-week shutdown of two plants by a further two weeks. The plants will re-open on December 13.

*The two plants, which produce* taconite (iron ore) pellets, are near Hibbing, Minnesota. One is owned by Butler Taconite, while the other is in the hands of National Steel Pellet.

Butler Taconite is 38 per cent-owned by Inland Steel, 37.5 per *cent by Hanna and* 24.5 per cent by Wheeling-Pittsburgh Steel. National Steel Pellet is 85 per cent-owned by National Steel Corporation, with Hanna holding the remaining 15 per cent.

The depressed situation in the steel industry has also contri*buted to U.S. Steel's decision* to cut back the work schedules of five coal mines in western Pennsylvania. The company said the cutbacks arose from the combination of reduced demand in the steel industry and a drop in orders for other uses.

# Israel's rising emerald trade

ISRAELI exports of high quality cut emeralds will exceed $50m (£26.5m) this year making the country the world's biggest emerald polishing centre, reports L. Daniel from Tel Aviv. Israel accounts for some 40 to 50 per cent of world emerald production *and exports have grown from a* value of $2.6m in 1971 to $10m in 1977.

The growth of the Israeli emerald industry stems from advanced technology which has been developed locally. Scores of innovations and techniques for the processing of emeralds have been patented by Israeli plants and permit the production of "fancies" and odd shapes which are not made elsewhere.

Meanwhile the country's diamond polishing industry continues to suffer from recession. Many diamond cutting and *polishing workers demonstrated* outside the Israeli Diamond Exchange yesterday, protesting against what they described as intolerably low wages. Much of the industry operates on a piece work basis and earnings have dropped in line with gem sales.

## BIDS AND DEALS

# Columbia go-ahead for L & G GELICO bid

Legal and General Group has now received approval from the Insurance Superintendent of the District of Columbia for its US$140m bid to acquire the U.S. life company Government Employees Life Insurance Group (GELICO). It now remains for the New York Insurance authorities to give approval for the acquisition to be completed.

Legal and General made a $30.75 cash per share bid for the common stock of GELICO in *September. It has now received* acceptances representing 93.4 per cent of the company, including *the 66 per cent held by the* parent GELICO Corporation. The tender offer has been extended until January 4 1982.

No date has been fixed for the hearing on the offer by the New York authorities, but it is hoped that this will take place before the end of the year.

### DOW SCANDIA/ ARBUTHNOT LATHAM

The offers on behalf of Dow Scandia to acquire the capital issued or to be issued of Arbuthnot Latham Holdings have been declared unconditional in all respects.

Acceptances of the ordinary offer have been received in respect of 7,480,858 new ordinary *and 7,480,858 deferred shares* of Arbuthnot Latham (93.8 per cent of each class of those shares).

Dow Scandia intends to acquire compulsorily all the outstanding new ordinary shares and deferred shares of Arbuthnot Latham. Acceptances of the *preference offer have been* received in respect of 305,590 preference shares (79.4 per cent).

### NO PROBE

The proposed acquisition by a subsidiary of F. W. Woolworth *of F. R. Northcott (the Dodge* City D-I-Y chain) is not being referred to the Monopolies Commission.

### THOMSON T-LINE

Stockbrokers Margetts and Addenbrooke of East Newton have placed 9.88 per cent of the shares in Thomson T-Line Caravans previously held by Mr Bob Morton and Mr Alec Merritt. The placing was made at 55p to a wide spread of clients of Margetts.

### BEREC/TILLING

Mr Colin Stapleton will step down as chairman of Berec if the agreed bid by Thomas Tilling goes through, but he will remain as managing director.

*Mr Stapleton's* letter recommending the offer makes clear that the continuing managerial independence of Berec, the battery group, was a major factor in the board choosing Tilling rather than Hanson Trust.

The offer document, posted to shareholders yesterday, includes a promise from Tilling that it will encourage and develop Berec's business, particularly in new battery systems which it is developing.

But its management philosophy means that it leaves its subsidiaries to "manage their own *affairs subject only* to central guidance on corporate policy, planning and finance."

Mr Stapleton believes that such guidance be useful though he admits that the board had hoped to keep Berec independent.

### A & A/HOWDEN

Alexander and Alexander Services Inc has purchased in London 100,000 ordinary shares of Alexander Howden Group at $2.68 per share.

De Zete and Bevan on behalf of Alexander and Alexander also bought 600,000 Howden ordinary at 143p. A and A's holding is now 6.95m shares (7.62 per cent).

### G. W. SPARROW

As a result of expansion in its own crane hire interests, both in the UK and overseas, BET has disposed of the 11.44 per cent shareholding in G. W. Sparrow and Sons. National Contracting Company, Kuwait, have acquired 1,105,125 G. W. Sparrow and Sons ordinary shares. The total shareholding is now 1,116,787.

# 60% of Dhamai bought by Taddale Invs.

Taddale Investments, an unquoted public company in the building industry, has acquired 60 per cent of Dhamai Holdings and has made a general offer for the remaining equity at 155p per ordinary share and 100p per cumulative share. Dhamai had an issued capital of just under £200,000 at the end of 1980.

The proposed takeover has been launched through an issue of shares to a value of £500,000 by Dhamai to Taddale in pay*ment for two subsidiaries of* Taddale, which together made a total of £268,000 pre-tax profits in the year to April 30, 1981.

Dhamai's shares, which last traded at around 150p on the market, have been suspended pending a circular to shareholders.

### CARTON MAKERS INTEGRATING

Agreement in principle has been reached to integrate the operation of Liquid Packaging of the UK and Elopak of Lier, Norway.

Both companies manufacture and distribute Pure-Pak cartons and packaging systems.

To achieve integration, the shares of Liquid will be acquired by shareholders of Elopak.

Liquid will be managed and operated as a full member of the Elopak Group, and will continue to supply the UK and Irish markets from its facilities in Stevenage and Dumfries.

Turnover of Liquid in the last financial year was £15m and profits were £1.5m.

### HARRINGTONS CARAVANS

Harringtons Caravans has acquired a second retail outlet in the South-East. The company says the former St Albans Caravan Centre, on a one acre site on the old A5 at Frogmore, will make it the largest caravan retailer in the London area.

The takeover represents a medium-term investment of some £200,000. Earlier this year Harringtons acquired a sales centre at Maidenhead in a £200,000 deal from Gowrings Leisure.

## LONDON TRADED OPTIONS

Nov. 19 Total Contracts 1376. Calls 808. Puts 568.

| Option | Ex'rcise price | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 280 | 40 | 20 | 52 | 1 | — | — | 314p |
| BP (c) | 300 | 25 | 16 | 40 | — | 50 | — | " |
| BP (c) | 320 | 14 | 20 | — | — | — | — | " |
| BP (c) | 330 | — | — | 22 | 1 | 34 | — | " |
| BP (c) | 350 | 7 | 1 | — | — | — | — | " |
| BP (c) | 410 | 1½ | 3 | — | — | — | — | " |
| BP (p) | 280 | 6 | 1 | 12 | — | — | — | " |
| BP (p) | 300 | 11 | 7 | 24 | — | 30 | 4 | " |
| BP (p) | 320 | 20 | 1 | — | — | — | — | " |
| CU (c) | 130 | 10 | 5 | 15 | 2 | 18 | — | 136p |
| CU (c) | 140 | 6 | 5 | 10 | 2 | 14 | 5 | " |
| Cons. Gld (c) | 500 | 17 | — | 37 | 1 | 47 | — | 473p |
| Cons. Gld (c) | 550 | 5 | — | 18 | 2 | 25 | — | " |
| Court'lds (c) | 50 | 17½ | — | 19 | 1 | 21 | — | 68p |
| Court'lds (c) | 60 | 8 | 30 | 10½ | 8 | 13½ | — | " |
| Court'lds (c) | 70 | 3 | — | 4½ | 10 | 7½ | — | " |
| GEC (c) | 700 | 67 | 3 | 90 | — | 110 | — | 764p |
| GEC (c) | 750 | 33 | 344 | 57 | 1 | 82 | — | " |
| GEC (c) | 800 | 13 | 2 | 35 | 30 | — | — | " |
| Gr'd Met. (c) | 180 | 7 | 25 | 15 | — | 21 | — | 178p |
| Gr'd Met. (c) | 200 | 3 | — | 8 | 9 | — | — | " |
| Gr'd Met. (p) | 160 | 9 | 18 | 14 | 25 | 30 | — | " |
| ICI (c) | 240 | 44 | 3 | 52 | — | 60 | — | 278p |
| ICI (c) | 280 | 14 | 5 | 24 | — | 34 | — | " |
| ICI (c) | 300 | 7 | — | 14 | 1 | — | — | " |
| ICI (c) | 260 | 10 | 2 | 17 | 25 | 24 | — | " |
| ICI (c) | 280 | 18 | — | 26 | — | 34 | 2 | " |
| LandSec. (c) | 312 | 21 | 15 | — | — | — | — | 323p |
| Mks & Sp (c) | 100 | 26 | — | 30 | — | 34 | 2 | 125p |
| Mks & Sp (c) | 110 | 16½ | 2 | 21 | 5 | 25 | — | " |
| Mks & Sp (c) | 120 | 10 | 5 | 15 | 2 | 18 | — | " |
| Mks & Sp (c) | 130 | 5 | — | 9 | 12 | 14 | — | " |
| Mks & Sp (c) | 140 | 2 | — | 6 | 8 | — | — | " |
| Shell (c) | 350 | 34 | 17 | 42 | — | 52 | — | 376p |
| Shell (c) | 390 | 16 | 40 | 36 | 1 | 40 | — | " |
| Shell (c) | 420 | 7 | — | 14 | 1 | — | — | " |
| Shell (p) | 330 | 6 | — | 12 | 50 | 20 | — | " |
| Shell (p) | 360 | 14 | 4 | 20 | — | 30 | — | " |
| Shell (p) | 390 | 22 | 2 | 33 | — | 40 | — | " |
| | | February | | May | | August | | |
| Barclays (c) | 420 | 37 | 2 | 48 | — | 55 | — | 435p |
| Imperial (c) | 60 | 7 | 10 | 8 | 40 | 9 | 15 | 62p |
| Imperial (c) | 70 | 3 | — | 4 | 2 | 5 | — | " |
| Imperial (p) | 60 | 4½ | 20 | 6½ | 42 | 7½ | — | " |
| Lasmo (c) | 460 | 45 | 1 | 62 | — | 82 | — | 464p |
| Lasmo (c) | 500 | 30 | — | 44 | 5 | 54 | — | " |
| Lasmo (c) | 550 | 16 | 16 | 30 | — | — | — | " |
| Lasmo (c) | 650 | 5 | 10 | — | — | — | — | " |
| Lonrho (c) | 70 | 12 | 4 | 15 | — | 17 | — | 78p |
| Lonrho (c) | 90 | 3 | — | 5 | 5 | — | — | " |
| Lonrho (p) | 70 | 4 | 14 | 5 | — | 8 | — | " |
| Lonrho (p) | 80 | 8 | 30 | 12 | — | 14 | — | " |
| P & O (c) | 120 | 16 | — | 20 | 3 | 25 | — | 125p |
| P & O (p) | 130 | 12 | 30 | 15 | — | 19 | — | " |
| P & O (c) | 140 | 7 | 10 | 11 | — | — | — | " |
| Racal (c) | 420 | 27 | 35 | 35 | 7 | 47 | — | 403p |
| Racal (p) | 330 | 8 | 2 | — | — | — | — | " |
| Racal (c) | 360 | 15 | 1 | 20 | 55 | — | — | " |
| Racal (p) | 390 | 23 | 5 | 30 | — | 35 | 5 | " |
| Racal (p) | 420 | 38 | 11 | 45 | 34 | 50 | — | " |
| RTZ (c) | 420 | 72 | 5 | 90 | — | 102 | — | 465p |
| RTZ (c) | 460 | 40 | 10 | 57 | — | 75 | — | " |
| RTZ (c) | 500 | 25 | 20 | 40 | — | — | — | " |
| RTZ (c) | 600 | 10 | 1 | 15 | — | — | — | " |
| RTZ (p) | 500 | 52 | 5 | 57 | — | — | — | " |

C=Call P=Put

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | May Vol. | May Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $400 | 20 | 3.50 | 11 | 30 | — | — | $401 |
| GOLD C | $425 | — | — | 29 | 15.50 | — | — | " |
| GOLD C | $475 | — | — | 5 | 4 | — | — | " |
| GOLD P | $375 | — | — | 12 | 7.50 | — | — | " |
| GOLD P | $400 | 25 | 5 | 10 | 17.50 A | — | — | " |
| GOLD P | $425 | 16 | 22 | 3 | [illegible] | — | — | " |
| GOLD P | $450 | [illegible] | [illegible] | [illegible] | [illegible] | — | — | " |
| GOLD P | $475 | 3 | 73 | [illegible] | [illegible] | — | — | " |
| | | Jan. | | April | | July | | |
| ABN C | F.300 | [illegible] | [illegible] | 5 | 3.50 | 6 | 9.50 | F.284 |
| AKZO C | F.25 | [illegible] | [illegible] | 5 | 0.60 | [illegible] | [illegible] | F.22 |
| AKZO C | F.27.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| AKZO P | F.22.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| HEIN C | F.45 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| IBM C | $55 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| IBM P | $60 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM C | F.80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| KLM C | F.90 | 98 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM C | F.100 | 109 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM C | F.110 | 23 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM C | F.120 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM P | F.80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM P | F.90 | 133 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| KLM P | F.100 | 71 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| NEDL C | F.160 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| NEDL P | F.110 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| NATN P | F.115 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| PHIL C | F.17.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| PHIL C | F.20 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| PHIL C | F.22.50 | 99 | 0.10 | [illegible] | [illegible] | [illegible] | [illegible] | " |
| PHIL P | F.20 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| PHIL P | F.25 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| RD C | F.70 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| RD C | F.80 | 74 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| RD C | F.90 | 133 | 1.60 | [illegible] | [illegible] | [illegible] | [illegible] | " |
| RD P | F.70 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| RD P | F.80 | 110 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| RD P | F.90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| UNIL C | F.140 | 10 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| UNIL C | F.150 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| UNIL C | F.160 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| UNIL P | F.150 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| UNIL C | F.140 | 39 | 1.90 | 51 | 3.80 | — | — | " |
| UNIL P | F.150 | 34 | 5.50 | 154 | 8 B | — | — | " |
| UNIL P | F.160 | — | — | 26 | 12.50 B | — | — | " |
| | | Nov. | | Feb. | | May | | |
| BOEI C | $30 | — | — | — | — | 10 | 1¼ | $23 |
| MANN C | DM.140 | 5 | 8 | — | — | — | — | DM1[illegible] |
| SLUM C | $55 | 3 | ½ | — | — | — | — | $53[illegible] |
| VW C | DM.160 | — | — | — | — | 40 | 2.50 | DM1[illegible] |

TOTAL VOLUME IN CONTRACTS 2690

A=Asked B=Bid C=Call P=Put

## BANK RETURN

| | Wednesday Nov. 18 1981 | Increase (+) Decrease (−) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 36,163,004 | — 7,279,5[illegible] |
| Bankers Deposits | 504,165,244 | — 9,855,0[illegible] |
| Reserve & other Accounts | 1,500,886,467 | +46,832,7[illegible] |
| | 2,054,767,715 | + 29,698,1[illegible] |
| Assets | | |
| Government Securities | 414,486,069 | — 130,660,0[illegible] |
| Advances & other Accounts | 1,105,714,370 | + 85,082,1[illegible] |
| Premises Equipment & other Secs. | 513,911,186 | + 55,838,4[illegible] |
| Notes | 20,404,409 | + 9,452,6[illegible] |
| Coin | 252,681 | — 15,1[illegible] |
| | 2,054,767,715 | + 29,698,1[illegible] |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes Issued | 10,550,000,000 | — 25,000,0[illegible] |
| In Circulation | 10,529,595,591 | — 34,452,6[illegible] |
| In Banking Department | 20,404,409 | + 9,452,6[illegible] |
| Assets | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 6,477,901,225 | — 1,034,550,0[illegible] |
| Other Securities | 4,061,083,675 | + 1,009,560,0[illegible] |
| | 10,550,000,000 | — 25,000,0[illegible] |

# 'Disappointing' record of Linfood's earnings

MR ALEC MONK, chairman of Linfood Holdings, told shareholders at yesterday's annual meeting that the company's earnings per share record to date had been disappointing in spite of significant growth in the company's size.

*He pointed* out that earnings per share for 1981 were 15.2p which was below the 1975 adjusted level. "We have therefore to start from a very low point."

The chairman said that the dip in 1981 earnings per share "will be largely recovered in the present year. Next year I am expecting a meaningful further improvement which will represent the first major step forward in terms of this criteria for several years."

The company has already forecast a 20 per cent increase in dividends for the current [illegible] reflecting an expected 30 [illegible] cent improvement in earning[illegible]

Referring to the bid by A[illegible] Foods, which was aband[illegible] after being referred to [illegible] Monopolies and Mergers [illegible] mission, Mr Monk said that [illegible] that this had been resolved [illegible] board would be appointin[illegible] the near future some new [illegible] tors from outside the compa[illegible]

### SYNKOLOID

The Synkoloid Compan[illegible] Stroud, Glos., part of [illegible] Synkoloid Company of Ca[illegible] has recently acquired the [illegible] Corporation of Seattle, a [illegible] manufacturer of [illegible] jointing materials and [illegible] beads, in its expansion to [illegible] the whole of the We[illegible] Canadian/U.S. market.

# GM finance offshoot plans 5.5bn U.S. borrowings

DAVID LASCELLES IN NEW YORK

...RAL MOTORS, the ...'s largest car maker, ...ing with the worst car ...ion since the Second ... War, has announced ...to borrow as much as ...on the U.S. capital mar-...ext year. This is by far ...rgest financing plan yet ...ed at a time when U.S. ...nies are racing to Wall ...to borrow record sums ...ney while the going is ...on interest rates. Most of ...nds will be for General ...s Acceptance (GMAC) its ...ing offshoot.

...'s announcement came just ...ody's, one of New York's ...g credit rating agencies, ...ed GMAC from the prized ...A quality to double A—a ...that will add slightly to ...rrowing costs.

...said it may issue a total ...5bn in intermediate and ...erm bonds, a small part of which would be for the parent company.

GMAC is a regular and heavy borrower in the U.S. and on the Euromarkets, and last week it filed a registration statement with the Securities and Exchange Commission covering an offering of $1.25bn of medium-term notes. It has total borrowing of more than $25bn, but these are not consolidated into GM's balance sheet.

Mr Robert O'Connell, GM's treasurer, was reported as saying that the recent drop in U.S. interest rates had presented some attractive borrowing opportunities, but that GM would probably hold off issuing bonds until the first quarter of next year, because it thought interest rates would be even lower then. Other companies have taken a different view—they are borrowing now because they fear rates could go back up again by the end of the year.

Any bond issue for GM itself would be the first for six years. Most of GM's recent financing has been done in the short-term market, mainly in the form of commercial paper. But like much of corporate America, GM is concerned about its growing dependence on short-term debt, and is keen to strengthen its balance-sheet by locking in some long-term funds.

The U.S. motor industry's problems have struck deep into GM, normally the strongest of the large U.S. car companies. In the third quarter it lost $468m, and since then car sales have weakened even further.

Moody's cut it rating on GM, citing the poor condition of the motor industry, as well as GM's heavy investment needs and poor earnings outlook in the medium term.

# 400m Eurobond for Sweden

ALAN FRIEDMAN

EUROBOND market re-...d its momentum yesterday ...faltering slightly on Tues-...nd Wednesday. Prices of ...eed bonds rose ¼ point in ...rate trading after the New ...Treasury market opened ...at higher at the long end. ...seven-year bond issue for ...$400m was launched by ...Warburg for Sweden last ... The initial tranche is ...and the remaining $250m ...e on tap until next June. ...s coupon on this issue is ...ted at 14¼ per cent, the ...r for a Eurodollar bor-...r since last spring. But ...onds will be priced at 97½, ...ding a yield of 14.85 per ...

...G. Warburg also an-...ced that it is lead-manager ...the long-expected $200m ...ng rate notes for Ferrovie, the Italian state railway. This issue, part of a $450m package, is a seven-year offer with a spread of ¼ per cent above the six-month London inter-bank offered rate. The notes are convertible into 15 per cent fixed interest bonds from next June.

Also in the FRN sector, a $30m five-year issue was launched for Sun Hung Kai Securities (Bermuda). The issue, led by Citicorp, carries a spread of ⅞ per cent above the six-month Libor and carries a minimum coupon of 7 per cent.

In the Asian dollar bond market, a $15m convertible has been launched for Rhythm Watch Company, the Japanese clock marker. The 15-year issue, led by Nikko Securities, carries a 6 per cent coupon and a 5 per cent conversion premium.

In Frankfurt, the D-mark foreign bond market closed ½ point better last night. Today sees the launch of a DM 150m issue for New Zealand.

The Swiss franc foreign bond market closed up ¼ point last night. A SwFr 300m seven-year private placement is being launched for the Government of Australia. Lead manager of the 7½ per cent offer is Swiss Bank Corporation.

A SwFr 100m (ten-year issue has also been arranged for Electric Power Development of Tokyo. SBC is leading the offer and the indicated coupon is 7 per cent.

Electricite de France, meanwhile, is raising Y20bn through a 12-year Samurai bond offer led by Yamaichi Securities. The coupon is 8.6 per cent and the price has been fixed at 99.25, to yield 8.727 per cent.

# Madison sells AM stake to Canadians

By Our Financial Staff

MADISON FUND, the large New York investment fund, has sold its 1,475,000 shares of AM International, the Chicago office equipment maker, to HCI Holdings of Canada. Madison gave no details, other than to say it was a privately negotiated sale.

The shares represent 16 per cent of the outstanding stock of AM, which has been forced to stop bank loan repayments because of mounting losses. Madison bought the shares last winter at an average price of $17.33 each. AM closed on Wednesday on the New York Stock Exchange at $4¾.

Madison announced plans to sell the shares on Monday, although it said at the time that it expected difficulties in finding a buyer.

AM recently obtained waivers on terms of $106m of revolving credit agreements and expects to report a loss of $175m this year.

Madison filed suit against AM last week charging that the company's prospects were seriously overstated when it agreed to become AM's largest shareholder. Madison is seeking at least $27m in damages.

Robert Gibbens in Montreal writes: HCI Holdings is a Toronto-based closed-end investment company headed by Mr Andrew Sarlos, a well-known chartered accountant and investment strategist.

HCI specialises in takeover situations. In the nine months ended June 30 it reported earnings of C$13.8m (US$11.6m), or C$2.90 per share, against C$10.8m, or C$2.65 per share, a year earlier. Gains on disposal of investment were C$22.5m against C$12.2m and other income was C$2.3m against C$4.5m.

The stock is quoted on the Toronto Stock Exchange.

# Government allows Dome bid for Hudson's Bay Oil

BY VICTOR MACKIE IN OTTAWA

DOME PETROLEUM'S plan to acquire complete control of Hudson's Bay Oil and Gas will be allowed to proceed as planned, in spite of tax measures introduced in the Federal budget last week.

Mr Allan MacEachen, the Finance Minister, states that he has decided to accommodate the deal, which had been "settled and announced publicly before the budget."

Dome had been concerned about a budget clause ruling that share exchange takeovers would no longer be tax free and that shareholders would be liable for tax on any capital gains involved.

Competitors yesterday claimed that Dome Petroleum was getting special treatment because of its co-operation with the Federal Government in the implementation of the national energy programme. However, Mr MacEachen later countered this criticism by stating that all such business transactions which were substantially concluded before the budget, including agreement on price, should be permitted to go ahead without his new tax measures applying.

The other transactions that might be allowed to go ahead will be examined on a case-by-case basis, said the minister.

Dome already owns about 53 per cent of Hudson's Bay Oil, acquired from Conoco, the Stamford, Connecticut group.

Before the Canadian Federal budget, it offered some C$2bn (U.S.$1.68bn) in preferred stock for the outstanding 43 per cent, of which Hudson's Bay Company, the retailer, is a major holder.

# Grupo Alfa aid deal goes ahead

BY WILLIAM CHISLETT IN MEXICO CITY

THE AILING Grupo Industrial Alfa, Mexico's largest private sector industrial group, is expected to sign its controversial 12bn pesos ($480m) rescue package on Monday.

Agreement on the package between Banobras, the State-owned public works bank, and Alfa—which is undergoing a major restructuring after net profits were almost halved in the first half to pesos 757.8m—was fiercely attacked by the left and some deputies from the ruling Institutional Revolutionary Party (PRI).

There were attempts to get the Congress to investigate Alfa with its critics contending that Banobras had no business bailing out private companies.

Alfa said that the Congress's special finance commission had discussed the matter with Banobras and that the loan would go ahead as originally conceived. It would almost certainly be signed on Monday and then gradually disbursed.

Some foreign banks, which have a total exposure with Alfa of $2.3bn have been holding back on new loans until the dispute over the Banobras assistance was solved. But a group of Texan banks will sign a $60m syndicated loan with Hylsa, the steel arm of Alfa, within a week. First National Bank in Dallas and Republic Bank Dallas are the co-agents.

Alfa also has petrochemical, tourism, food processing and capital goods interests.

The pesos 12bn package breaks down into a pesos 7bn loan at market rates, which Alfa will use to establish a financing company, and pesos 5bn to be used by Banobras to purchase non-convertible, preferential shares with no voting rights in some of Alfa's companies.

The pesos 5bn will be used for Alfa's capital investment programme.

Alfa can repurchase the shares at par at any time over 10 years. It will pay an effective dividend of about 18 per cent, which means it is getting the pesos 5bn on preferential terms. Peso credit is currently very tight and the effective cost is more than 40 per cent.

# State intervention at Peruvian bank

BY DOREEN GILLESPIE IN LIMA

PERU'S CENTRAL Banks has intervened in the operations of Banco de la Industria de la Construccion, part of the Vulcano group, after a drawn out conflict over the bank's failure to comply with minimum cash reserves.

The central bank and the banking and insurance authorities said the aim of the intervention was to protect savings and deposit accounts and the finance system in general. The central bank has guaranteed that the bank will meet all commitments.

The two Government institutions said their intervention was required because the bank's "legal cash reserve holdings have fallen below required ratios." They blamed the situation on the bank "persisting in doing business and operating in an incorrect manner."

It is the first intervention in a private bank in Peru since President Fernando Belaunde Terry took office in July of 1980, although in the last decade at least six Peruvian banks have had to meet financial problems by merging or receiving Government support.

The intervention is in the management of the bank only and does not imply a state takeover.

The Vulcano group, headed by Sr Luis Leon Rupp, has interests in hotels, real estate, insurance and took control of Faucett Airlines and the new daily paper, El Observador. It is not clear what effect the intervention will have on the group, which draws on the bank for financing.

Sr Rupp, 36, is one of Lima's most prominent enterpreneurs and claims to have made his money in the early 1970s buying cheap land around Lima and later developing it.

Banco de la Industria de la Construccion is one of Peru's smaller banks, with assets in 1980 reported at $71.6m.

# VW closes U.S. plant for three weeks

By Kevin Done in Frankfurt

FOR THE second time this year Volkswagen, West Germany's biggest motor concern, has had to stop production at its U.S. assembly plant in order to bring output down in line with demand.

About 4,600 of the 5,400 workforce at the Westmoreland plant in Pennsylvania have been laid off for three weeks until December 7.

The closure has been forced because of Volkswagen of America's stockpile of new cars whic has risen to uncomfortable levels. The shutdown has also hit the VW body plant at Charleston, where 250 of the 700 workforce have been temporarily laid off.

The Westmoreland plant was shut for a week in June and its output was then cut from 1,040 to 940 cars a day because of falling demand.

VW, which is building a second assembly plant at Sterling Heights, Detroit, incurred a loss of DM 89m in the U.S. last year.

So far this year, the company has sold 3.9 per cent fewer cars in the U.S. Up to November 10 the sales volume was down to 248,058 cars compared with 258,249 in the same period last year.

Most importantly for the U.S.-based manufacturing operations, however, is the 7.9 per cent fall in sales of locally produced models to 144,971 compared with 157,484 in the same period of 1980.

The petrol-driven Golf suffered a fall of nearly 25 per cent in sales, but there has been a small rise in sales of diesel-powered cars.

Our New York Staff writes: VW of America has, for the first time, followed the time-honoured U.S. car industry practice of offering rebates on cars to clear its showrooms of ageing models.

It is offering a rebate of $525 on 1981 diesel Rabbits (which sell under the name of Golf rebates amount to the extra Diesel pick-up trucks until the end of this year. The rebates amonut to the extra price of buying the diesel option on both models.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15. Closing prices on November 19

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...er-Busch 16¾ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.54 |
| ...h. Co. 17¼ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.50 |
| ...rnt. Hyd. 16¾ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.14 |
| ...lum. Mia. 17 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 16.06 |
| ...illar Fin. 16¾ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.09 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.43 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.53 |
| ...p Inc. Fin. 15 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.28 |
| ...p O/S 15¾ 84 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 13.44 |
| ...p O/S 16¾ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.24 |
| Service 17 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.21 |
| Illinois 14¾ 84 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.73 |
| Bathurst 17¼ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 16.52 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.44 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.98 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.44 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.69 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 16.13 |
| ...O/S Fin. 15 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.96 |
| ...O/S Fin. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.14 |
| ...O/S Fin. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.56 |
| ...ates O/S | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.31 |
| Walker 16 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 13.18 |
| ...Trade 14½ 84 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 13.24 |
| ...Trade 14¾ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 16.56 |
| ...Canada 16½ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.14 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.37 |
| ...indland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.10 |
| ...cotia 15 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 16.10 |
| ...dison Fin. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.29 |
| Gaz Elec. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.78 |
| ...Fin. 17 85 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.64 |
| ...Hydro | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.82 |
| ...nada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.36 |
| California | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.18 |
| Ex. Cred. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.51 |
| ...p Int. 17 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.68 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.59 |
| ...Disney | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 13.39 |
| Fargo Int. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.86 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.42 |
| Bank | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.85 |
| Bank | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.11 |
| Bank | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.94 |
| Bank | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15.24 |

Average price changes... On day +0⅛ on week +0⅜

| D-MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...Dev. Bank 10 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.26 |
| ...Dev. Bk. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.29 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.76 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.74 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.65 |
| ...of Europe | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.11 |
| ...of Europe | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.20 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.89 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.18 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.05 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.50 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.07 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.07 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.54 |
| ...Air Lines | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.38 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.75 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.48 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.30 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.02 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.57 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.29 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.83 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.36 |

Average price changes... On day 0 on week +0¼

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...ert Paris | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.44 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.51 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.50 |
| ...ectric Fin. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.35 |
| ...City of | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.74 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.08 |
| Petroleum | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.13 |
| Petroleum | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.87 |
| ...de France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.33 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.32 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.58 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.52 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.59 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.25 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.84 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.49 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.51 |
| ...Tunnel | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.27 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.17 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day 0 on week +0¼

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day +0⅛ on week +0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| M. Bk. Dnmk. 9 91 EUA | 25 | 77½ | 79 | 0 | +1½ | 13.01 |
| SOFTE 8¾ 89 EUA | 40 | 74¾ | 76 | −0¼ | −0¾ | 13.73 |
| U. Bk. Nwy. 9½ 90 EUA | 18 | 80 | 81½ | −0⅛ | −0⅜ | 13.47 |
| Algemene Bk. 10¾ 86 Fl | 80 | 96⅝ | 97⅛ | +0⅛ | +1⅜ | 11.17 |
| Amfas Group 12¾ 86 Fl | 40 | 98⅞ | 99⅜ | +0⅜ | +0½ | 12.49 |
| Amro Bank 12 86 Fl | 75 | 100⅞ | 101⅜ | +0⅛ | +0⅜ | 11.63 |
| Amro Bank 12 86 Fl | 60 | 100⅝ | 101⅛ | +0⅛ | +0¼ | 11.75 |
| Heineken NV 10 87 Fl | 100 | 94 | 94½ | +0⅛ | +0¼ | 11.40 |
| Pierson 10¼ 86 Fl | 50 | 94 | 94½ | +0⅛ | +0⅜ | 12.01 |
| Rabobank 12 86 Fl | 50 | 100⅝ | 101⅛ | +0¼ | +0⅜ | 11.66 |
| Air France 14¼ 86 FFr | 200 | 91⅝ | 92⅝ | 0 | 0 | 17.09 |
| Bk. America 14½ 86 FFr | 250 | 91⅜ | 92⅜ | −0⅛ | +0⅛ | 17.03 |
| Charb'nages 13⅞ 85 FFr | 400 | 90⅜ | 91⅜ | +0⅛ | 0 | 16.99 |
| EIB 14⅛ 88 FFr | 300 | 87 | 88 | +0⅝ | +0⅝ | 17.58 |
| La Redoute 14⅛ 85 FFr | 125 | 89¾ | 90¾ | −0⅛ | 0 | 17.50 |
| OKB 14 86 FFr | 400 | 91⅞ | 92⅞ | 0 | 0 | 16.80 |
| Solvay et C. 14⅜ 86 FFr | 200 | 90⅜ | 91⅜ | −0⅛ | +0½ | 17.73 |
| Swed. E. Cr. 14⅜ 86 FFr | 250 | 90⅜ | 91⅜ | 0 | +0⅛ | 17.69 |
| U. Mex. Sts. 14 85 FFr | 150 | 91 | 92 | +0⅛ | +0⅜ | 17.30 |
| Acona 14 85 £ | 20 | 91½ | 92½ | 0 | +1½ | 16.88 |
| Beneficial 14¼ 90 £ | 20 | 84⅜ | 85⅜ | +0⅛ | +2⅜ | 17.74 |
| BNP 13½ 91 £ | 15 | 84½ | 85½ | −0¼ | +1⅜ | 16.79 |
| CECA 13½ 88 £ | 20 | 88⅞ | 89⅞ | −0⅛ | +2½ | 16.11 |
| Citicorp O/S 13½ 90 £ | 50 | 90½ | 91⅜ | +0⅛ | +1¼ | 15.51 |
| Fin. Ex. Cred. 13¾ 86 £ | 15 | 92⅞ | 93⅞ | +0⅛ | +2⅜ | 15.93 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 87⅝ | 88⅝ | +0½ | +2 | 15.26 |
| Hiram Walker 14⅜ 86 £ | 25 | 95 | 96 | +0¼ | +1½ | 15.66 |
| Privatbanken 14½ 88 £ | 12 | 92¾ | 94 | 0 | +4½ | 16.17 |
| J. Rothschild 14¾ 90 £ | 12 | 93⅜ | 94⅜ | +0¼ | +2½ | 15.53 |
| Royal Trustco 14 86 £ | 12 | 94⅞ | 95⅞ | +0⅛ | +1⅞ | 15.49 |
| Swed. Ex. Cr. 13⅜ 86 £ | 20 | 92⅜ | 93⅜ | +0½ | +2⅜ | 15.00 |
| Akzo 9⅜ 87 LuxFr | 500 | 86½ | 87½ | 0 | +1 | 12.47 |
| Euratom 9¾ 88 LuxFr | 500 | 87 | 88 | 0 | −0⅛ | 12.79 |
| Eurofima 10½ 87 LuxFr | 500 | 89⅛ | 90⅛ | 0 | +0⅜ | 13.12 |
| EIB 9¾ 88 LuxFr | 600 | 84¼ | 85¼ | 0 | +0½ | 13.38 |
| Volvo 9¾ 87 LuxFr | 500 | 85⅝ | 86⅝ | 0 | +0⅝ | 13.30 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Montreal 5¾ 90 | 0¼ | 99½ | 100 | 18/12 | 16⅝ | 16.79 |
| Bank of Montreal 5¼ 91 | 0⅛ | 100⅛ | 100⅜ | 29/4 | 17.06 | 16.98 |
| Bk. Nova Scotia 5¼ 93 | 0⅛ | 100½ | 101 | 29/4 | 17.06 | 16.94 |
| BBL Int. 5 86 | 0¼ | 99⅝ | 100⅛ | 20/11 | 18.31 | 18.34 |
| BFCE 5¼ 88 | 0¼ | 100⅛ | 100⅜ | 26/4 | 16.94 | 16.85 |
| BNP 5½ 88 | ‡0⅛ | 100⅛ | 100⅜ | 29/1 | 16⅞ | 16.67 |
| Christiania Bk. 5½ 91 | ‡0⅛ | 98⅞ | 99⅜ | 5/2 | 15.56 | 15.70 |
| Co-Ban Eurofin 5½ 91 | 0⅛ | 98⅞ | 99⅜ | 14/4 | 16.69 | 16.83 |
| Den Norske Credit 6 90 | ‡0⅛ | 99 | 99½ | 5/2 | 16.56 | 16.68 |
| Genfinance 5⅛ 87 | 0¼ | 100⅞ | 101⅜ | 30/4 | 17.06 | 16.87 |
| Genfinance 5⅛ 92 | 0⅛ | 99⅝ | 100⅛ | 30/12 | 18.31 | 18.31 |
| Giro und Bank 5¼ 91 | ‡0¼ | 99½ | 100 | 23/12 | 17½ | 17.54 |
| GZB 5¼ 92 | ‡0⅛ | 98⅞ | 99⅜ | 5/12 | 17⅜ | 17.40 |
| Ind. Bank Japan 5⅞ 88 | 0⅛ | 100⅝ | 101⅛ | 9/4 | 16⅝ | 16.48 |
| Lloyds Eurofin 5⅛ 92 | §0⅛ | 98⅞ | 99⅜ | 4/12 | 17.44 | 17.59 |
| Lloyds Eurofin 5¼ 93 | §0¼ | 100⅜ | 100⅞ | 29/4 | 17.13 | 17.02 |
| LTCB Japan 5½ 89 | 0⅛ | 99⅝ | 100⅛ | 16/1 | 18.32 | 18.32 |
| Midland Int. Fin. 5¼ 92 | 0¼ | 99⅛ | 99⅝ | 5/12 | 17⅜ | 17.48 |
| Midland Int. Fin. 9 91 | 0¼ | 100⅜ | 100⅞ | 30/4 | 17.06 | 16.95 |
| Nacional Fin. 5½ 88 | 0⅛ | 98⅜ | 99⅛ | 25/3 | 17.31 | 17.51 |
| Nat. Bk. Canada 5¼ 88 | 0¼ | 100⅛ | 100⅝ | 24/3 | 17.31 | 17.25 |
| Nat. West. Fin. 5⅛ 91 | §0¼ | 99⅜ | 99⅞ | 15/1 | 18⅛ | 18.19 |
| Nat. West. Fin. 5⅛ 92 | §0¼ | 100⅜ | 100⅞ | 23/4 | 17 | 16.89 |
| Nordic Int. Fin. 5½ 91 | 0¼ | 99 | 99½ | 6/5 | 15⅝ | 15.74 |
| Pemex 6 91 | 0¼ | 98⅜ | 98⅞ | 8/4 | 17 | 17.24 |
| Pemex 5¼ 88 | 0⅛ | 98½ | 98⅞ | 14/2 | 18.81 | 19.08 |
| Sanwa Int. Fin. 5⅛ 88 | 0⅛ | 99⅞ | 100⅜ | 24/3 | 17⅛ | 17.23 |
| Societe Generale 5¼ 91 | 0⅛ | 99⅝ | 100⅛ | 22/1 | 18⅝ | 18.65 |
| Sparebanken 6 87 | 0¼ | 99 | 99½ | 19/12 | 16.81 | 16.94 |
| Sumitomo Fin. 5½ 88 | 0⅛ | 100⅝ | 101⅛ | 6/2 | 19.56 | 19.37 |
| Svenska Hndlsbk. 5 87 | 0¼ | 100 | 100½ | 15/1 | 18⅛ | 18.08 |

Average price changes... On day +0⅛ on week +0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5¼ 96 | 7/81 | 933 | 98 | 98½ | −0¼ | −1.32 |
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | 97¾ | 99⅛ | 0 | 25.29 |
| Canon 6⅛ 95 | 1/81 | 829 | 116¼ | 116⅞ | −2⅞ | −0.91 |
| Daiwa Secs. 5½ 96 | 12/81 | 539 | †86 | 88 | +3 | 5.24 |
| Fujitsu 4½ 96 | 10/81 | 6770 | 103⅞ | 104⅝ | +0½ | 1.22 |
| Furukawa Elec. 5⅛ 96 | 7/81 | 300 | 123¾ | 125⅞ | −0⅛ | −3.46 |
| Hanson O/S Fin. 9½ 96 | 8/81 | 2.74 | *184 | 85 | 0 | −4.77 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1986 | 96⅝ | 98⅛ | −1⅞ | 9.36 |
| Inchcape 8 95 | 2/81 | 4.55 | †61½ | 63 | −0½ | 19.76 |
| Kawasaki 5⅛ 96 | 9/81 | 229 | 81½ | 83 | 0 | −1.52 |
| Marui 6 96 | 7/81 | 931 | 100⅜ | 101⅞ | −1⅛ | −3.39 |
| Matsushita El. 7½ 95 | 11/80 | 590 | 94 | 95¾ | +1⅛ | 1.87 |
| Minolta Camera 5 96 | 10/81 | 909 | 77½ | 79 | 0 | 6.60 |
| Murata 5¼ 96 | 7/81 | 2190 | 89⅜ | 90⅜ | −1 | 14.18 |
| NKK 6½ 96 | 7/81 | 188 | 98⅛ | 99⅝ | −0⅛ | −1.15 |
| Nippon Chemi-C. 5 91 | 10/81 | 919 | 81½ | 83¼ | −2⅜ | −2.55 |
| Ricoh 6⅜ 95 | 8/80 | 804 | 120⅞ | 122⅞ | −3⅛ | 2.07 |
| Sanyo Electric 5 96 | 10/81 | 652 | 88⅛ | 89⅝ | −2⅛ | 9.37 |
| Sumitomo Met. 5⅛ 96 | 10/81 | 305 | 88⅜ | 89⅞ | +0⅜ | 2.65 |
| Swiss Bk. Cpn. 6⅞ 90 | 9/80 | 200 | †80 | 82 | 0 | 20.08 |
| Taylor Woodrow 8⅝ 90 | 1/81 | 4.94 | *177 | 78 | 0 | −0.24 |
| Transco Int. 8⅞ 95 | 2/81 | 68 | †82 | 83½ | −0½ | 35.17 |
| Tricorp 8½ 95 | 12/80 | 31.25 | †75 | 76½ | 0 | 32.43 |
| Union Bk. Switz. [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.82 |
| Sharp Cpn. [illegible] DM | 9/80 | 191.8 | [illegible] | [illegible] | [illegible] | −4.45 |
| Uny Co. [illegible] DM | 11/79 | 878.3 | [illegible] | [illegible] | [illegible] | −1.62 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# Matra launches joint U.S. design venture

By David White in Paris

THE LATEST stage of Matra's move into the semi-conductor business took shape yesterday with the launching of a joint design venture with Intel of the U.S.

The new company, Cimatel, is owned on an equal basis by the U.S. partner and Matra Harris Semiconducteurs, the component producer in which Matra is the majority shareholder alongside the U.S. Harris group. Each has 49.7 per cent in the capital—initially FFr 12m ($2.1m)—with the remainder in the hands of French board members.

This arrangement was adopted in the light of U.S. reservations about the French Government's plans to effectively nationalise Matra through a 50 per cent share purchase. Originally, Matra Harris was to set up its joint company with Intel on a 51-49 basis.

Cimatel, with access to Intel know-how, will design integrated circuits for both mass and specialised uses, to be manufactured by the two main shareholding partners. The French Government is channelling about FFr 160m of aid into this area of N-MOS components at Matra, a departure from the technology acquired from its first U.S. partner.

# Peat Marwick lifts worldwide income by 20%

By Our Financial Staff

PEAT MARWICK International, the worldwide accounting firm which includes Peat Marwick Mitchell of the UK, has exceeded its own forecasts for fiscal 1981, ended June 30, to record a 20 per cent increase to $979m in worldwide fee income.

Mr John P. Grenside, chairman, commented that it had been a year of world recession, and for most of the businesses in countries where Peat Marwick operates "trading conditions were not easy."

Despite continuing difficult economic conditions around the world there were signs of brightening prospects, he added.

Referring to the difficulties involved in improving and harmonising international accounting standards, Mr Grenside was "disturbed" to find in the EEC's Draft Eighth Directive provisions which he thought could be misused to restrict the auditing of a company's accounts to accountants from the same member state.

In fiscal 1981, the group's total of chargeable hours of work for clients gained 8.2 per cent to 26.4m. The geographical split of the firm's activities remained similar to previous years, with North America accounting for 15.1m chargeable hours, Europe 5.9m, Asia-Pacific 3.4m and South America 1.3m hours.

Companies and Markets **INTL. COMPANIES & FINANCE**

**OLIVETTI CHIEF LINKS WITH CALVI EMPIRE**

# De Benedetti springs a surprise

BY RUPERT CORNWELL IN ROME

"CAPITALISM is full of surprises," Sig Nino Andreatta, the Italian Treasury Minister, laconically observed, a few minutes after the announcement of the deal linking Sig Carlo de Benedetti with Sig Roberto Calvi's Banco Ambrosiano group. A surprise indeed. For yesterday, 24 hours after it was disclosed that the Olivetti chief executive would become vice chairman of Ambrosiano, much of Italy's financial establishment was still rubbing its eyes with something akin to disbelief.

Even technically the agreement is at first glance odd. Sig de Benedetti has paid L50bn (*$42m*) *for 2 per cent of* Ambrosiano — thus incidentally valuing the bank at a total L2.500bn ($2.1bn). But so small a stake nonetheless makes him officially "the largest private Italian shareholder" in Ambrosiano.

Theoretically, this may be true, but few here doubt that thanks to an intricate network of crossholdings, involving a number of obscure foreign-based companies, the dominant shareholder in Ambrosiano is Sig Calvi.

What may be said with certainty is that the weight of the two partners gives the greatest significance to the new alliance. Sig de Benedetti heads one of Italy's major high technology companies, the fortunes of which have been dramatically improved by four years of his stewardship, while Banco Ambrosiano is the country's largest private banking group, controlling total deposits of around L12,000bn.

Sig. Carlo de Benedetti

Through its financial company offshoot La Centrale, moreover, its dominion has recently extended to embrace a 40 per cent interest in Rizzoli, Italy's biggest publishing group, which in turn owns the Milan-based Corriere della Sera newspaper.

But what has persuaded two of the most powerful forces in Italian capitalism to make common cause? On the face of it they could hardly be more different. Olivetti's chief executive is a scion of Turin's Jewish community, a financier who is also strongly based in industry and who has always kept the politicians at arms length.

Sig Calvi, on the other hand, is a pure banker, boasting strong connections with the Vatican and Italy's catholic establishment ("Il Banchiere di Dio," he has been called).

Although his abilities have never been questioned, his methods have. His reputation this year has taken a beating, first with his alleged membership of the sinister P-2 freemasons lodge and then his conviction last July on charges of illegal currency exports. It was small surprise that his involvement with Rizzoli aroused such controversy.

A closer inspection, however, reveals advantages for both sides. For the banker, a deal with a manager of such repute will do much to restore the image of Ambrosiano, inevitably tarnished by the events of recent months. The arrival of a forceful newcomer on the bank's executive committee will also help meet the insistence of the Italian authorities that Calvi run the bank in a less personal, more collegial fashion.

For Sig de Benedetti, there is the immediate attraction of close ties with so powerful and rich a banking group as well as a say in Ambrosiano's affairs when, for no fault of its own, the bank is facing awkward times.

But this leads into some intriguing questions raised by the affair. What are Sig de Benedetti's exact intentions? He has insisted that his new job implies no lessening of his commitment to Olivetti, but some are less than wholly convinced.

He has never been one, it is argued, to make purely passive investments. "I have the habit of following up my investments," he has said—and his career at Olivetti, and before that briefly at Fiat, offers ample proof. And will it be possible to maintain the helm of Olivetti alongside responsibilities at Banco Ambrosiano? Then again, may not Sig de Benedetti and Sig Calvi, two men acustomed to command, find themselves, sooner or later, at odds? And if so, what then?

The second topic for speculation is Rizzoli, the object of a struggle which has reached a pitch of confusion rare even by Italian standards. "Yes, I'm negotiating, but I don't know with whom, or about what," one of the potential buyers of the publishing group was quoted as saying the other day.

Sig de Benedetti, though, was one of the industrialists known to be involved in the bid by Sig Bruno Visentini, president of both Olivetti and the Republican Party, to put together a consortium to buy out control of Rizzoli. That venture was effectively vetoed by the Socialist Party, anxious to prevent the Corriere falling into hostile hands this side of a general election.

Some suspect that the deal with Sig Calvi, who after all holds 40 per cent of Rizzoli through La Centrale, could be a roundabout way to achieving the same end, but there is no direct evidence to support this theory. On the other hand, as the gossips in Milan point out, there is no direct evidence to disprove it.

## Dutch mortgage bank forecasts major setback

By Charles Batchelor in Amsterdam

WESTLAND-UTRECHT Hypotheekbank, the mortgage bank which has been hit hard by the slump in Dutch house prices, expects to make an operating profit of about Fl 17m ($7m) this year, less than one third of the 1980 profit of Fl 54.5m.

It reports a third quarter operating profit of Fl 3.2m which, after a Fl 3m provision for general risks, results in a net profit of Fl 200,000. The result in the 1981 second quarter was identical, but in the third quarter of 1980 WUH achieved an operating profit of Fl 11.3m and a net profit of Fl 6.3m.

Operating profit for the 1981 nine months was Fl 13.5m, compared with Fl 43.1m. Net profit was down to Fl 4.5m from Fl 23.1m. WUH has not yet fixed extraordinary provisions for this year, after setting Fl 20.5m aside in 1980.

The bank's loan division increased operating profits by 6 per cent to Fl 79.1m in the nine months, but the property division more than doubled its loss to Fl 65.7m.

WUH arranged 4,400 housing loans worth Fl 614m in the nine months compared with 9,500 loans worth Fl 1.34bn in 1980. It has sold Fl 890m of loans from its portfolio to the general civil servants pension fund as part of a deal to dispose of a total of Fl 3bn of mortgages.

The property division began new projects in the Netherlands worth Fl 28m, compared with Fl 226m last year, while projects abroad worth Fl 59m were started, against Fl 8m. WUH has an unsold stock of 1,293 homes valued at Fl 271m, compared with 1,074 homes worth Fl 237m at the end of 1980.

## Improvement for Estel

By Our Amsterdam Correspondent

ESTEL Hoesch-Hoogovens, the troubled Dutch-German steelmaker, reduced its loss in the third quarter of 1981 on marginally higher turnover. The sales price of rolled steel products firmed while the company also achieved cost savings in steel-making.

The pre-tax loss fell 21 per cent to Fl 154.7m ($63m) compared with Fl 197.1m in the second 1981 quarter, but was marginally higher than the Fl 152.4m loss in the 1980 third quarter.

Turnover rose 1 per cent to Fl 3.59bn ($1.46bn) compared with the second quarter and 10 per cent on 1980. Estel's net interest charge rose 12 per cent to Fl 165.5m between the second and third quarters.

At the operating level, Estel achieved a sharp reduction in its loss—to Fl 5.1m compared with Fl 64.1m in the second quarter and Fl 38.3m in the corresponding 1980 quarter.

The steel processing division posted a profit though this was smaller than previously because of holidays.

## Nestle hints at record result

BY JOHN WICKS IN VEVEY

NESTLE, the Swiss-based international foods group, expects sharply higher profits for 1981, possibly culminating in a record result for the group.

Demand worldwide remains weak, but currency gains are working through strongly and Nestle is getting to grips with the Argentinian losses which helped to depress profits in 1980.

As a result, net profits this year could top the SwFr 872m ($484m) peak result of 1976, Mr Pierre Liotard-Votg, the chairman, said yesterday. Last year earnings totalled SwFr 683m, down by 16.3 per cent.

In the first ten months of this year, turnover rose by 19.9 per cent to SwFr 23.5bn ($13.05bn). This was, however, largely the result of inflation. Sales volume increased by only 1 per cent.

The share of European markets in total turnover fell from 47.7 per cent in January to October 1980, to 41.5 per cent this year. Mr Leotard-Vogt said there was no reason for optimism with regard to the development of European sales.

As a result Nestle is to concentrate its activities on developing markets in other continents. Already, a total of 37.5 per cent is accounted for by the Americas and 13.2 per cent by Asia.

Following a major programme of reorganisation in Argentina, Nestle de Productos Alimenticio will have "tolerable" losses this year, and should return to the profits in 1982.

By 1990 Nestle expects to double sales group volume in the frozen food sector. In the first ten months of this year, sales of frozen foods and ice cream made up 8.7 per cent of turnover.

Nestle is currently in the process of "re-structuring" its U.S. foods subsidiary Libby, McNeill and Libby. A leading producer of canned goods, Libby has been losing money for some years. The programme foresees the sale of certain product lines.

## Schloemann-Siemag orders up

BY JONATHAN CARR IN BONN

SCHLOEMANN-Siemag, the West German engineering concern, expects the value of incoming orders to top DM 1bn ($447m) for the first time in the year to next June, above all because of foreign demand.

Herr Heinrich Weiss, the chief executive, told the annual Press conference that the new year had already begun well with a big order from the Soviet Union for a rolling mill in Oskol. The total value of the deal, in which several companies are participating, is about DM 700m, of which the Schloemann-Siemag share is roughly half.

Herr Weiss said current orders were sufficient to keep the company's workshops busy to the end of 1983. At the same time he complained about growing State subsidies provided to the company's foreign competitors—not least in the UK and France.

He stressed that Schloemann-Siemag was responding to this challenge, and to changing customer needs, by increasingly offering "package deals" including services, such as financing and on-site training.

In the last business year the parent company recorded net profits of DM 29.1m, up from the DM 24.2m in 1979-80, on turnover up from DM 486m to DM 602m. That implies a slight fall in the ratio of net profit to sales ratio from 5 per cent to 4.8 per cent.

A 15 per cent dividend is being paid to the shareholders, the Gutehoffnungshuette engineering group and Siemag Weiss KG.

The order intake of the parent company rose from DM 551m to DM 857m last year, with almost 80 per cent coming from abroad. Group orders—which include the figures for the Battenfeld plastics production and processing group, Concast Holding of Zurich, and Sutton Engineering and SMS Schloemann-Siemag of the U.S., totalled DM 1.5bn.

Meanwhile, Gutehoffnungshuette, Western Europe's largest mechanical engineering group, has seen a marked boost in orders in the first quarter of its year to June 30. Overall orders were up by 26.8 per cent to DM 4.4bn, with foreign orders up by no less than 62.1 per cent to DM 2.5bn. Domestic orders were down by 0.9 per cent to DM 1.9bn.

Group turnover was up by 26.7 per cent to DM 3.7bn, again thanks to a strong performance abroad. Foreign sales were up by 52.7 per cent to DM 1.9bn, and those at home by 6.9 per cent to DM 1.8bn.

### MESTIC DOWNTURN COUNTERS EXPORT GROWTH

# 'ough going for Japanese traders

RICHARD C. HANSON IN TOKYO

PS big general trading reported generally lack- performances in the ar ended September 30, because of sluggishness domestic economy.

ubishi Corporation, the of the traders, reported er cent rise in net profit 1.14bn ($49.75m) on r up by 3.3 per cent to n ($31.8bn).

i, the second largest, r, reported a 14.5 per lrop in net profit to while sales edged up by cent to Y6,330bn. Mitsui its poor profit perform- ainly on a drop in earn- om oil and lumber.

beni Corporation, the largest trader, said its ofits fell by 7.7 per cent to Y4.3bn despite a 17.6 per cent rise in turnover to Y5,551bn. Marubeni's biggest increase came in third country business, which rose by 54.8 per cent.

The traders showed healthy rises in exports, helped by a weak yen during the half-year, and in overseas trading. The slump in domestic economic activity, however, kept imports and domestic trading in most cases from contributing strongly to growth.

Mitsubishi reported a 3.5 per cent drop in domestic business to account for a surprisingly low 38.6 per cent of total turnover compared with more than 50 per cent two years ago. Mitsui's domestic trading fell by 3.8 per cent.

The performance of the traders accurately reflects the state of the Japanese economy, which appears still to be heavily dependent on exports for growth. Domestic demand has yet to pick up steam.

One of the strongest performing sectors for the trading houses was machinery, in which exports of cars, ships and other plant and equipment was buoyant.

On the other hand, the traders faced a squeeze on trading profits as a result of lower interest income receipts from customers following the cut in Japan's official discount rate in April.

Tomen (Toyo Menka), the seventh-largest trader, reported a somewhat brighter result than the others with net profit up by 15.6 per cent to Y904m. Sales rose 13.63 per cent to Y1.82bn. Exports and imports both did well, rising 22.1 per cent and 28.9 per cent, respectively. Machinery and chemical sales rose sharply, offsetting drops in metals and lumber trading.

The companies expect some improvement in the domestic economy later this year.

Mitsubishi forecast sales for the year of Y14,600bn, up 4.5 per cent, and a slight increase in net profit.

Mitsui sees sales of Y13,100bn against Y12,667bn. Marubeni expects a rise to Y11,300bn from Y10,185bn.

# Ialf-year profits slide at Kubota

YOKO SHIBATA IN TOKYO

TA, A Japanese manufac- of cast iron pipes and nery, suffered a further in profits in the half- nded October 15 because ver sales of agricultural ment and building ts.

an unconsolidated basis ing profits fell by 26.5 per rom the first half of last while net profits fell by per cent to Y7.36bn m), or Y5.54 a share t Y6.77. Net profits fell er cent in the fiscal year April 15.

l sales increased by only 0.9 per cent to Y254.28bn ($1.13bn) because of weak domestic demand. But exports increased by 84.2 per cent to Y55.79bn to equal 21.9 per cent of turnover against 12 per cent a year earlier.

Strong export sectors were pipes with sales up by 290 per cent, farming machinery, up 183 per cent, and industrial machinery, up 147 per cent. Middle Eastern and South East Asian markets were particularly strong.

At home, the Government's policy of curbing production and consumer prices for rice coincided with unfavourable summer weather to reduce demand for farm machinery. Overall, sales in this sector fell by 6.8 per cent to account for 35.2 per cent of total turnover.

Kubota forecasts some recovery in the second half ending April 15, 1982. Sales of building materials could increase by 12 per cent and pipes by 11 per cent.

Full year sales are projected to be Y540bn, up 3.4 per cent from last year, operating profits should be flat at Y26bn and net profits increase by 2 per cent to Y15bn.

# Zimbabwe link for Grinaker, Rennies

TONY HAWKINS IN SALISBURY

Zimbabwe Government pproved a merger of the bwean interests of ker Construction, a sub- of Grinaker Holdings of Africa, and Rennies Con- ed Holdings (Zimbabwe), of Hong Kong-based e Matheson.

new group is to be called e Grinaker Zimbabwe with ad spread of interests in ng, civil engineering, ure winding, battery facture, wholesaling, hotels avel.

aker will hold 40 per cent of the equity and Rennies 60 per cent, but they intend to seek a listing on the Zimbabwe stock exchange offering not less than 40 per cent of the equity to Zimbabweans.

Mr David Smith, Minister of Finance and deputy Prime Minister in Mr Ian Smith's UDI Government, will be chairman. The statement announcing the merger implies that after the public issue, controlling interest in the company will lie geographically in Hong Kong. No financial details of the merger were given.

● Air Zimbabwe has reported a sharp fall in net profits to Z$36,000 (U.S.$51,000) for the year ended June 31, from Z$330,489 the previous year. Revenues rose 48 per cent from 1980's Z$27.5m.

Mr Mervyn Eyett, general manager, said profits would have reached Z$471,000 but for exceptional costs of training and employing extra staff to meet Government policy.

Passenger traffic rose 10 per cent to 400,000 passengers and freight traffic doubled to more than 5m tonne/kilometres.

# Murdoch sees little change in current year

By Colin Chapman in Sydney

RESULTS ROUGHLY equivalent to last year's are expected by News Corporation, the Australian-based media multinational that owns Times Newspapers and the Sun and the News of the World in Britain. This was forecast by Mr Rupert Murdoch, chief executive, at the annual meeting in Adelaide yesterday.

For the year ended June 30, net profits were A$51.68m (US$59.5m) against A$26.16m for 1979-80. The sharp growth was largely attributed to the first-time consolidation of the results of UK interests. Sales were A$1.06bn against A$280.95m.

Mr Murdoch said the company had been through a very active four months in the three countries—Australia, Britain and the U.S.—in which its major interest lie.

He was confident that the Times would ultimately become a profitable newspaper, and that with "increased co-operation from the unions it will become a great asset for us."

The Sunday Times was now more than 50 per cent ahead of its major competitor, the Observer, in circulation and advertising volume had reached record level. The Sun had incurred heavy costs when its cover price was reduced, but a number of changes had given the paper a 750,000 circulation lead over its nearest competitor.

The News of the World had also made gains. Mr Murdoch also referred to the acquisition of a 42.3 per cent shareholding in William Collins and Sons, the UK publisher. He and a colleague had taken a seat on the board, and intended to play an active part in its management. But there was no intention to make it a subsidiary. A full-scale bid for Collins had failed last July.

On American interests, Mr Murdoch revealed that the New York Post was still incurring losses but its sales had been lifted from 600,000 to 900,000 and more advertising was coming in.

In Australia, newspapers and other businesses have been set ambitious budgets and these had come close to being fulfilled. Particularly successful had been the investment in Ansett Transport Industries.

# THE PROPERTY MARKET

BY MICHAEL CASSELL

## Hammerson 'ready to make cash call'

HAMMERSON Property and Investment Trust appears to be preparing the ground for a rights issue to help finance the biggest development programme in the group's history.

There are a number of pointers to a cash-call which investors would, no doubt, quickly snap up and brokers Laing and Cruickshank, who have just prepared a fresh report on the group, say the suggestion is not being shouted down by Sydney Mason and his fellow directors.

Hammerson now has, relative to its size, the largest development programme of any UK property company—most of it overseas—and capital commitments are now thought to stand at around £110m against £47.75m at the start of the current financial year.

Laing and Cruickshank points out that if the group were to increase its borrowings by this amount, then net debt would rise from 48½ per cent of shareholders' funds to 58 per cent.

With current interst rates at levels which would in most cases leave schemes showing an initial revenue deficit, a rights issue seems the obvious way ahead.

John Atkins of Laing and Cruickshank also believes it is significant that, although the group is not required under the provisions of SSAP 19 to incorporate a full revaluation in its accounts until December 1982, it seems probable that the bulk of Hammerson's portfolio will be revalued at the end of the current financial year—December 1981.

The brokers estimate that the current market value of the property portfolio is not less than £641m, representing a surplus on book value of £147m and giving net assets of 835p a share. Brent Cross is given a current market value of about £32m, compared with the £25m figure used by the group in 1980 when the centre was transferred between subsidiaries. The shopping complex is held on a 125-year underlease from Standard Life and Hammerson is currently thought to take 26 per cent of net rental income.

Of the somewhat animated rent review negotiations still going on with non-key tenants at Brent Cross, Laing and Cruickshank believes a settlement will see rents at around £89 a sq ft for the best located space—similar to that ahcieved in two recent transactions. The current average is around £27.

The brokers, who suggest that trade at Brent Cross is increasing at a faster rate than at most other major retailing centres, say that once the 1981 and 1982 reviews are finalised, gross rental income from the Centre will by the end of next year have doubled from an estimated £3.8m this year to £7.67m.

Brent Cross will, for the time being, however, continue to be regarded as a development property, contributing to group cash flow but not, because of accounting policies, to pre-tax profits or earnings. The first pre-tax contribution is expected in 1983 and should be in the order of just under £2m.

## Greycoat goes for asset base

FLUSHED OUT into the open by a stock market which appeared to be indecently well prepared for what was about to happen, Greycoat Estates this week went shopping for an asset base and unveiled a £36.5m bid for City Offices.

The target of Greycoat's attention is a sound but arguably sleepy property company with an excellent portfolio in the books at almost £30m and the prospect of a steady if unexciting rise in profits stemming from reviews and some reversionary potential.

City Offices, however, shows little predeliction for the type of cut and thrust approach to property which has become the Greycoat hallmark, though it can have had few objections to the impact which Greycoat's interest had on its shares—before and after the offer was made.

The company, formed in 1864 primarily to invest in City property, now has three office buildings in the City—including Baltic House in Leadenhall Street—three in the provinces and a small selection of industrial properties around the country. All are freehold and the City properties continue to contribute around 65 per cent of total rental income, which in 1980 reached £1.9m.

Pre-tax profits totalled £1.4m and little advance is expected this year. Estimates of net asset value range between 133p and 135p a share, close to the bid value, though the directors might care to substantially improve on that type of evaluation as part of any defence strategy.

With some important rent reviews due fairly soon, the board will certainly be pointing to an improved pattern of earnings growth to come.

The immediate, somewhat muted, reaction to the Greycoat approach was that the terms did not reflect the high quality of the company's assets and earnings but it is not yet clear whether the sparring will centre merely on price or whether wider ideological differences will intervene.

### Sound

On any basis, City Offices looks to be a sound, long-term holding—a view which until now at least has been shared by Legal and General and Commercial Union, who between them account for just over 38 per cent of the shares and whose reaction will be crucial.

From Greycoat—the group with the modest asset backing and the big ambitions—the view appears to be that City Offices has turned into little more than a dormant rent collector and that, twinned with an active management operation, its future (not to mention that of Greycoat) could be considerably brighter.

In the words of Geoffrey Wilson, an executive director of Greycoat: "We have got development dynamic and they have not. They are a good company, so are we. Neither of us has got any debt to speak of.

"Together we could represent an important force in the property market, with considerable financial muscle and a considerably enhanced ability to strike better deals. Being able to negotiate that extra ½ per cent reduction in long-term finance can make all the difference."

Greycoat is certainly smaller than City Offices in almost every respect, from market capitalisation and net assets through to profits. It is not, however, the underdog when it comes to active participation in the development market and it should prove to be the one with more steam left in it on all other fronts as well.

As Greycoat has pointed out, the comparatively low book value of its net assets (£5.7m) does not reflect the value of its share in recently completed projects and the large developments in or entering the pipeline. A more up to date figure might be closer to £20m.

### Stake

The group's style has been to pull schemes together, bring in long-term institutional funding and then settle for an equity stake providing a share in the income flowing out of the completed development.

In the case of 250 Euston Road, for example, a 150,000 sq ft office building developed through a joint company with Sir Robert McAlpine and held on a long lease from Camden, Legal and General — the scheme's funders — will be paying them a rent equal to 16 per cent of the building's rental value. For Greycoat, the arrangement will mean an estimated £192,000 a year flowing through to pre-tax profits.

Over at Cutlers Gardens, E2, the 600,000 sq ft scheme developed with Standard Life and now being marketed, Greycoat again has a long leasehold and is to receive an initial income equivalent to 6 per cent of a total net income likely to be in the region of £9.5m a year.

If Coin Street ever becomes something more than a source of employment for inquiry inspectors, if the Victoria Station scheme comes right and if the joint plan with Rosehaugh for 500,000 sq ft of mixed space at Liverpool Street takes shape, then the eventual uplift for Greycoat will be so much the greater. There may, of course, be a few too many "ifs" for some people's comfort.

Life would clearly be that much rosier for Greycoat if it could tempt City Offices to join forces and increase the quality of its portfolio, its income and its equity base. Its present share price would certainly appear to involve a premium which reflects both the high standing of its management and its close links with the financial institutions.

Greycoat is unquestionably a company full of promise which has, since the new management arrived on the scene about four years ago, demanded that people sit up and take notice of it.

Shareholders in City Offices, presumably after a quiet and comfortable life, might believe that Greycoat is everything they are not loking for in a property company and that the advantages for them are questionable. The big shareholders may, however, decide otherwise while a slightly improved offer could clear any obstacles in Greycoat's path.

## West End office surplus falls back in October

THERE was a substantial increase in letting activity in the West End air-conditioned office market during October, according to Leslie Lintott, the agents. A total of 93,000 sq ft of floorspace was let at an average £15.33 a square foot—the second highest floorspace figure this year. Space now available has fallen below 1m sq ft for the first time since July and an estimated 992,000 sq ft, in 37 units, at an average asking rental of £17.62, are now available.

Still in the West End, City and Continental Property, in conjunction with the Schroder Property Fund, has now completed the letting of Calder House, the 23,000 sq ft office building on the corner of Piccadilly and Dover Street. There are five tenants and rentals averaging £24.50 a square foot—involving some close to £30—have been agreed. Lambert Smith and Elliott Son and Boyton acted for City and Continental.

● Westminster Property has prelet at an annual rent of £202,000 all the retail space in its £6½m shop and office development at Wealdstone in the London borough of Harrow. Presto has agreed to occupy 31,500 sq ft while Granada and Freeman Hardy and Willis have taken the other units. The development will also provide 30,000 sq ft of offices. Letting agents are Healey and Baker.

● Guardian Royal Exchange has prelet its 18,630 sq ft banking and office development at 9-12 King Street, [...]don, EC2, to Internati[...] Energy Bank for a sum eq[...]ing to £25.50 a sq ft. Wa[...] Son and Packman represe[...] GRE while Humberts a[...] for the bank.

● Regional Properties' V[...]hall Cross scheme at [...] southern end of Vau[...] Bridge is complete [...] Richard Ellis and H[...] Butcher are seeking [...] tenant for the 48,000 s[...] of offices and 70,500 sq [...] industrial space. Asking [...] is £750,000 a year.

● Chesterfield Prope[...] have agreed terms with [...] British Airports Authori[...] acquire the lease of the [...] headquarters buildings [...] Buckingham Gate, P[...] Street and Stafford P[...] SW1. The properties inv[...] provide more than 100,0[...] ft of offices and, subje[...] planning approval, Che[...]field will refurbish and [...] develop behind existing [...]ades, under a building [...] from the Crown Estate, t[...] vide a similar floorspace [...] Leslie Lintott are adv[...] Chesterfield and Clutton[...] acting for the Crown E[...]

● After a long planning [...] UDS stores group has fi[...] won consent for a new de[...]ment store in Slough [...] Street. Mr Michael Hes[...] has given permission fo[...] development, expected [...] in excess of 120,000 sq f[...] lowing a public inquiry [...]lier this year.

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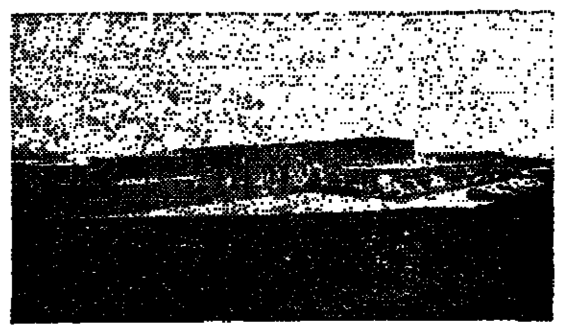

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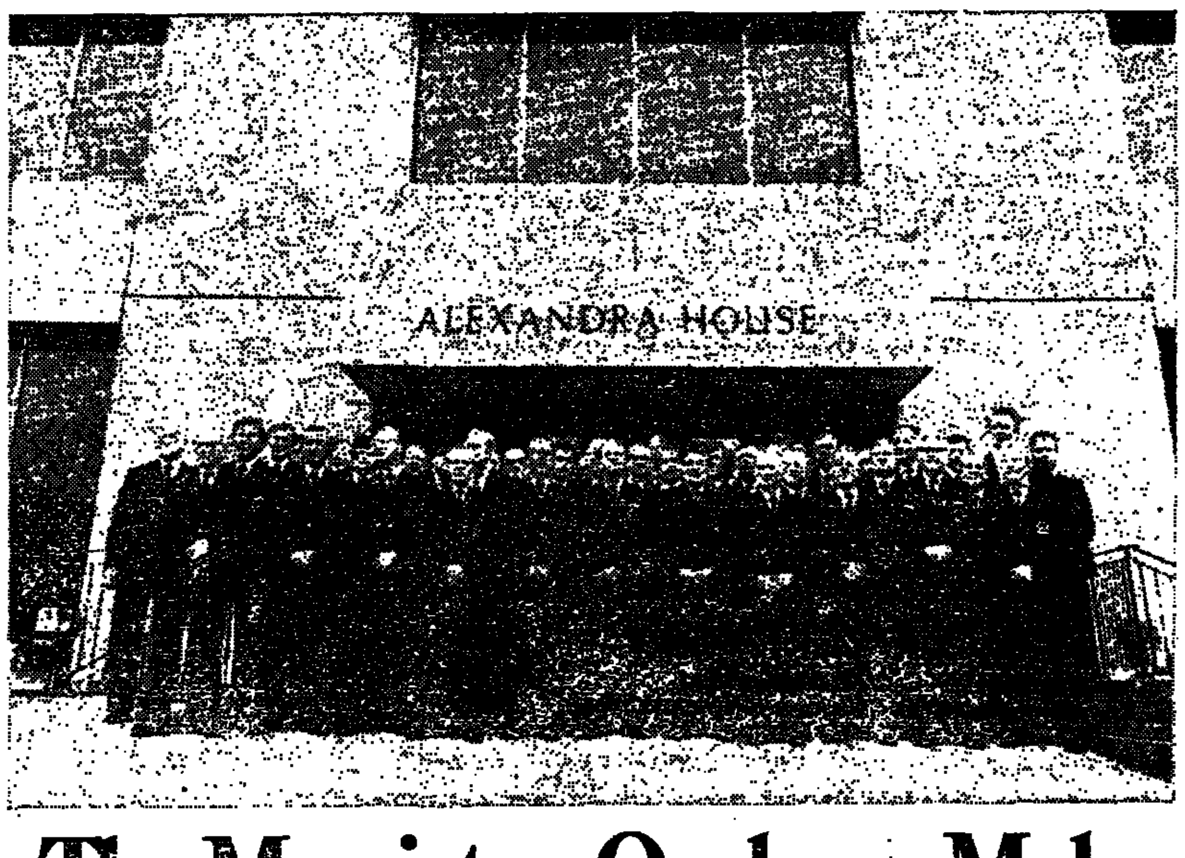


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*Enter the prestigious reception area* and in no time one of the three express lifts will be available to whisk you to the appropriate floor.

Step out of the lift and sink into the carpet, fitted on each floor, and marvel at the busy, though quiet, working atmosphere achieved through the use of acoustic ceiling tiles.

Each floor can have its own individual layout and fittings based on designs prepared to the tenant's specification. In addition all floors have male and female toilets, a kitchen and cleaner's cupboard.

## Who else?

What about communication?

The building is located opposite the railway station which is served by the latest Inter City 125 trains, and the M4 motorway is a mere ten minutes away.

A comprehensive bus service serves the town and its suburbs and on-site car parking is supplemented by three additional car parks close by as are the high street shops and new shopping centre.

As you can see, these features left the choir lost for words. However, Healey & Baker and Powell & Powell would also like to hear from you and give you any further information you require.

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## SHOPS AND OFFICES



## FOR INVESTMENT



## WANTED



## INTERNATIONAL PROPERTY



صكا من الاصل

# The growing market in British skiing

By Arthur Sandles

...row morning several ...mused hoteliers, nat... ...rist office directors and ...manufacturers will be ...eir glasses and drink... ...phenomenon which ...understand but all ...reed to see.

...Britain stumbles into ...recession blighted ...re than 250,000 of its ...will be making ...a foreign ski holiday. ...50,000 schoolchildren ...ing forward to trips ...with their classmates. ...is more will be heading ...ski villages of the Scot... ...lands.

...spin-off for airlines, ...nt makers and im... insurance companies ...course, the tour ...s themselves, is vast. ...urance industry alone ...bably gross more than ... premiums and, given ...accident rate is falling ...come out of it with a ...fit.

...azzmatazz of the Daily ...Show, which opens at ...Earls Court tomorrow. ...ptomatic both of the ...that is to be made in ...d the frenetic pace that ...t season forces upon ...ho try to make their ...in it. The Stock ...e ski team will race ...their Lloyd's rivals on ...homson-sponsored ski ... Western Airlines, ...to the notion that they ...act British skiers to the ... and their London... ...route, will be providing ..."theatre-on skis," what... ...t might be; and 200 tour ...s and equipment ...will be selling as hard ...can.

...ewards for the success... ...lesman are seemingly ...us. A couple of weeks ...easonable Alpine resort ...t a skier back around ...Lift pass, ski school and ...ce could easily add ...£100 to that. A regular ...nay have skis worth £60- ...nd boots, bindings (to ...ki to boot), sticks and ...s worth another £150.

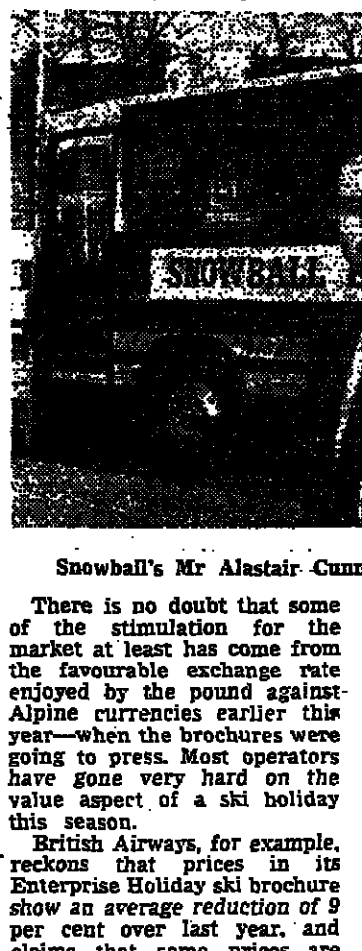
Ski clothing is not cheap either. Buying something eye-catching could mean writing a three-figure cheque and even shopping at the discount end of the market or C and A means thinking in terms of £50 for all the bits and pieces.

Thus a skier who wants to go the whole hog, kit himself out and head for the Verbiers, Courchevals, Aspens or Kitzbuhels of this world could be saying good-bye to at least £700-£800 if he wants a bit of money for drinks and food.

The average British skier, of course, spends much less. (One of the reasons the U.K. market is so popular with the Alpine resorts is that the British, unlike many other nations, are prepared to ski in January which most other Europeans regard as too chilly *a month. Then prices are much* lower.) Few skiers change their equipment every year (a pair of skis should last as long as 100 ski days, which is five to 10 years for the average British recreational skier). And most mix and match clothing from past holidays and good friends.

What the British market has at the moment that few others can boast is growth. Suggestions early in the season that the number of skiers from the UK to foreign slopes would rise by between 5 and 10 per cent seem to be being born out. But, for the tour operators, that is the good side of a double-sided coin.

The bad news is that the buoyancy of the market has attracted a considerable number of newcomers to the business and probable over-capacity. There are more than 70 ski tour operators offering winter sports holidays to the British—and that excludes the car rental companies promoting their "skierised" vehicles (that usually means snow tyres, a roof rack and heater that works), and the various airlines. With the top five ski tour operators alone capable of carrying more than 100,000 skiers there is not much room for the other 65.




Hugh Routledge

Snowball's Mr Alastair Cunningham: at the right time

There is no doubt that some of the stimulation for the market at least has come from the favourable exchange rate enjoyed by the pound against Alpine currencies earlier this year—when the brochures were going to press. Most operators have gone very hard on the value aspect of a ski holiday this season.

British Airways, for example, reckons that prices in its Enterprise Holiday ski brochure *show an average reduction of 9* per cent over last year, and claims that some prices are down by as much as 27 per cent. Neilson reckons that "prices are cheaper in 65 per cent of cases."

In fact life has changed a little since the brochures started to plop on to doormats a few months ago. The pound has wobbled a little and one currency in particular—the Swiss franc—has soared. Both operators and customers are leaping to their booking conditions to check on the extent of the price guarantees that many offer. With 10 per cent the normal limit for surcharging some are beginning to grin weakly at the prospect of running ski trips to Switzerland at a loss—which many now look like having to do. "I printed my brochure when the rate was above four Swiss francs to the pound," says one operator wanly. "Now it's nearer 3.30."

The major beneficiaries from the current ski boom in terms of resort areas have been the Austrians. The Austrian Tourist Board's jovial man in London, Mr Norbert Burda, is rarely seen without an ear-to-ear grin these days as the villages report *that the hills are alive once* more to the sound of cash registers.

Less happy are the Italians. A dismal snow record last winter closed many resorts early and sent mayors scurrying to Rome for emergency aid from central coffers. The mud has stuck and Italy is going to have to work hard to shake off its poor snow image.

French resorts—many of them specially built in the 1960s and 1970s—are gaining particularly from two major trends in British skiing. There has been a sudden blossoming of coach transport skiing, and in the popularity of self-catering.

Snowball, for example, started *in 1978 carrying 670 people by* coach to a hardly known French resort, Puy St Vincent. Snowball reckons that this winter it will carry 6,700 skiers to four French resorts, and the one part of the programme which is not selling as fast as the rest is its air holidays to Avoriaz.

Snowball's Alastair Cunningham argues this once tiny operation came into the market just at the right time as keen skiers tried to find lower cost ways of getting an annual holiday (Snowball still has a one-week lead price of £59.95 and no surcharges). "When we started there were only two others, NAT-Eurotours and Hards-Ski *Plan, now there are 13 people* doing coach holidays."

What seems to have attracted the skiers is the speed and modernity of today's trans-continental buses (complete with lavatories and hot coffee); the lack of fuss over skis, boots and baggage; the jollity of it all; and, of course, the price.

But Snowball also demonstrates another change in ski trends. The huge brochure which offers all things to all skiers, of the type that used to *be produced by Miss Erna Low* when she was running the company that still bears her name, is a rare beast. Claimed market leader Swans, which with Inghams is part of the Swiss-based Hotelplan group, only has *28 resorts in its brochure.* Inghams itself has a beefier 44, which is only topped by Thomson with 50. More normal is the type of programme produced by Horizon, with 15, the same number of Thomas Cook.

One trend that does not seem to have emerged as predicted is the supposed rush to the U.S. When the pound was zooming up to $2.40 the ski resorts of the Western U.S. started cultivating the British market with considerable enthusiasm. The large rush to the Rockies has yet, however, to emerge probably because the Alps suddenly became financially more attractive.

The Rocky Mountain resorts are still cultivating the British *market and will be at Earls* Court in force. It seems now, however, that their attention is drifting to the business traveller who is in the U.S. for other reasons and then finds that the skiing is not only superb, but also inexpensive (provided one ignores even the low winter air fares).

Fluctuations in currency have also produced reverberations in the ski equipment business. Last year Britain's ski retailers were very badly hit by having bought their stock at a time when exchange rates were bad for sterling and then trying to sell when sterling was strong. Skiers *rapidly discovered that they* could buy skis, boots and even clothing much cheaper in Europe.

This year the reverse is likely to be the case. Shops such as Alpine Sports bought their stock in the pound-high summer of this year and are telling customers that if they now find the same thing cheaper in their resort destination the store will refund the difference.

*The fact that most pieces of* ski equipment are built to last means that the manufacturers (in desperate straits thanks to *massive world-wide over pro*duction) are heavily into the fashion business. Ski colours change from year to year and names are altered to add a little cosmetic come-on. This season skiers are being encouraged to think in terms of the longer skis which they were once told to discard; to buy boots with higher shanks; and to turn to racing pants as the best form of ski clothing.

The ski world is a strange one, as any visitor to the Ski Show is likely to discover. It is, however, an attractive one at the moment since it is one of the few areas of British consumer marketing which is actually on the upsurge. "The people who go skiing have a high disposable income", says Thomson's ski controller Roger Madge. "They are younger and they have fewer commit*ments". They also, it seems,* enjoy spending money.

CONTRACTS

# Refurbishment in Eaton Square

**R. MANSELL** has gained over £3m contracts in the specialist field of major refurbishment. Largest is at £809,000 for the restoration and conversion of a six-storey building in Eaton Square to provide luxury apartments. Across London at 133 East India Dock Road a conversion, costing £588,000 will see an old sailors' home transformed into 31 flats for the Rodinglea Housing Society.

Esso has awarded Mansell a second contract this year worth £327,000 for a conference suite at Esso House, Victoria while the *company begins a third contract* at Tolworth House, Surbiton for the POSS Fund valued at £229,000. British Telecom chose Mansell for its main telegraph office conversion at Electra House, £229,000 and a large scale reinstatement of fire damage is *under way at Chelsea College* costing £683,000. Finally, at Hither Green Hospital construction has started on a new blood transfusion unit at £327,000.

★

**MANSTON (CONTRACTORS),** Leeds, a member of the Espley-*Tyas Property Group has* construction contracts worth over £2.5m. Construction has started on prestige *premises for* the BMW main dealership of G. Eric Hunt (Leeds), at Scott Hall Road, Leeds, near Sheepscar junction, which includes showroom and reception area, workshop, parts department, body repair shop, car wash and valetting bay.

Work has commenced on the 130,000 sq ft second phase of the successful Manston Industrial Park development at Elland Road Leeds.

★

**J. AND J. FEE** has successfully negotiated a £1.6m contract with W. N. Sharpe, fine art publishers, Bradford, for creating 88,000 sq ft of warehouse space, together with 7,500 sq ft of office and associated accommodation.

★

Two contracts worth together £1.5m have been won by **CHUBB FIRE SECURITY** for fire pro*tection of the gas compression* facilities being installed on Total Oil Marine's manifold and compression platform MCP 01. The platform is about half way along the twin 32 in pipelines which transport gas from the Frigg Field to the reception terminal at St Fergus in Scotland. The contracts were placed by Total Oil Marine who act as operators for the Frigg Transportation System.

★

The Greater London Council has awarded two schemes valued in excess of £1m to **WHYATT BUILDERS**, the construction arm of the Finlas Group. Work has already started on a £865,000 project at Minnow Street, Southwark where Whyatt is constructing 20 houses and 10 flats together with all ancillary works. The second GLC project, to be completed in nine months, has just commenced, and consists of the replacement of water mains and repairs of heating ducts at Ferrier Estate, Kidbrooke, Greenwich, and is similar to a previous scheme already successfully completed by Whyatt on an adjacent site.

★

A £1m contract for building work to help develop the Selby coalfield—one of the world's biggest coal-mining projects—has been awarded to **FAIRCLOUGH BUILDING** which will encase 10 pithead structures—coal transfer buildings, loading stations and electricity sub-stations—in brickwork for the new Gascoigne Wood drift mine, near York.

★

**G. E. WALLIS AND SONS** has been awarded the extension and refurbishment of a computer centre for British Telecom at *Cardiff, worth £900,000. Work at* the Maes-y-coed Road site has begun.

★

**DUPORT COMPUTER SERVICES** has been awarded a five-year contract worth £500,000 to supply data processing bureau services for steering gear manufacturer Burman and Sons, Birmingham. The project includes computerisation of sales, production and accounting functions including provision of an on-line material control system *and methods for developing* shop floor data collection.

A FINANCIAL TIMES SURVEY

# COLOMBIA

December 9, 1981

The Financial Times proposes to publish a Survey on Colombia in its edition of December 9, 1981. The provisional editorial synopsis is set out below.

INTRODUCTION: The development of President Turbay's presidency. The political scene.

Editorial coverage will also include:

**Economy**

**Medellin**

Portrait of a major Colombian industrial centre.

**Amazonia**

**Tourism**

**Cerrejon**

Exxon and other multinational giants interested in the biggest coal supply in Latin America.

**Personalities**

**The Printing Industry**

**Coffee**

**Banking**

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Tel: 01-248 8000 Ext. 3238 Telex: 885033 FINTIM G

# APPOINTMENTS

## Senior posts at TSB North East

**Mr Douglas Robinson** has been appointed general manager of TRUSTEE SAVINGS BANK NORTH EAST following the retirement of **Mr Donald Allmey. Mr Jim Drummond** will be Mr Robinson's deputy. Mr Robinson and Mr Drummond are at present general manager and deputy general manager of the bank. **Mr John Fenwick,** at present head of the bank's research and computer department, will become assistant general manager in charge of finance. **Mr John Hutchinson** will become head of a systems department working on the bank's computer and technological development.

★

The Industry Secretary has appointed **Mr Maurice Phelps** as full-time member for personnel the BRITISH SHIPBUILDERS and industrial relations on board. The appointment is for three years.

★

Mr Norman Lamont, Industry Minister, has appointed **Mr Jocelyn Cadbury MP** (Birmingham Northfield) as his Parliamentary private secretary.

★

**Mr Charles Wilson,** a director of RIT, has been appointed to the board of DAWNAY, DAY AND CO., as a non-executive director. **Mr Albert Cowie** and **Mr John O'Neill** have been appointed executive directors.

★

**Mr Tom Blaszkowicz,** formerly sales director, has been appointed marketing director with responsibility for long-term strategies, and **Mr Brian Metcalfe,** formerly sales manager, becomes sales director designate, and will assume total day-to-day responsibility for the company's sales operation, at X-DATA, Slough.

★

**Mr Tom O'Malley** has been appointed managing director of FC FINANCE, finance house subsidiary of the Co-operative Bank. He joined the company as managing director designate in June from Forward Trust, where he had been managing director since 1975. He succeeds as managing director **Mr Roger Gorvin,** who now reverts full time to the position of joint general manager (personnel services) of the Co-op Bank.

★

**Mr Michael Reiss** has been appointed to the board of SEYMOUR-NEWTON, underwriting agents at Lloyd's.

★

WIGHAM POLAND GROUP has appointed **Mr Chris Kenny** to the board of Wigham Poland Agency Services. At Wigham Poland Professional Indemnity a banking division has been formed which will be controlled by **Mr Martin Prew.**

★

DONALD FOX AND PARTNERS (UNDERWRITING MANAGEMENT) has made the following appointments: **Mr C. J. Ridgwell** becomes managing director; joining the board are **Mr J. C. Flitcroft, Mr R. M. Nelson, Mr C. R. Patek** and **Mr R. F. Dickinson. Mr J. H. Chappell, Mr T. A. Godwin** and **Mr G. Isteed** have been appointed associate directors. **Mr R. M. Tweddle** has retired.

★

SMITHS INDUSTRIES states that its automotive original equipment, automotive aftermarket and industrial instrument activities have been brought together to form a new company to be called Smiths Industries Automotive Instrument Systems (SIAIS). Managing director of SIAIS is **Mr Marcus Beresford,** who joined Smiths Industries in 1960.

★

**Mr David Scahill** has been appointed managing director of GEC MEASUREMENTS.

★

**Mr Alan Clark** has been appointed director of pharmaceutical marketing, LILLY INDUSTRIES.

★

**Mr H. A. Golding** and **Mr Hugh Shyvers** have been appointed directors of LAWRENCE-ALLISON, a member of the Trafalgar House Group.

★

**Mr Arthur Holden** has been appointed director Government relations at TEXACO. He takes over from **Mr Denis Bulman** who has retired. Mr Holden retains his responsibilities as director administration and is a member of the Board of Texaco and of Texaco North Sea UK Company.

★

**Mr J. N. Clarke,** chief executive of Charter Consolidated, will join the board of CONSOLIDATED GOLD FIELDS as a non-executive director from December 1.

★

**Mr Donald Dudley,** director of defence equipment sales, has been appointed director for all marketing and sales functions of WESTAIR, part of Neil and Spencer Holdings.

★

**Mr Abdulla A. Saudi** has re-assumed his former position of first vice-chairman of ARLABANK. **Mr Eduardo de Castro Neiva** has been appointed vice-chairman. Mr Neiva is deputy chairman of Banco do Brasil.

★

**Mr Steven Hopkins** has been appointed managing director of IDEAS AND RESOURCE EXCHANGE.

★

**Mr D. W. A. Smith,** personnel director of THAMES BOARD retires in March, and will be succeeded by **Mr H. Stirk,** who will take up the appointment on January 1, retaining his existing responsibilities as ... director, Thames Case.

★

**Mr Philip Alan Myers,** ... constable of the North ... Police has been appointed ... of Her Majesty's Inspector of Constabulary from January ... succession to the late Mr ... Page.

★

**Mr Geoffrey Dear** has been appointed Assistant Commissioner of Police of the Metropolis ... December 1. He is ... Assistant Commissioner ... of training at the Peel C... Hendon.

★

**Mr Neil Macdonald** has ... named deputy director ... of marketing for LOCATE IN SCOTLAND, the joint Government - Scottish Development Agency industrial promotion organisation. Mr Macdonald ... LIS on November 23 after ... years in Singapore, where he ... a director of a number of companies in the Inchcape G... and deputy chief executive ... Inchcape's timber group controlling investments in India and Sarawak.

★

**Mr Michael K. Bewes,** G... DIAN ROYAL EXCHANGE ... manager, corporate affairs ... personnel development, has ... appointed an assistant ... manager. In addition ... previous duties, he will ... responsible for the ... corporate planning function.

## OVERSEAS

## New chairman for BP Canada

**Mr Robin W. Adam,** a deputy chairman of The British Petroleum Company, has been appointed as non-executive chairman of BP CANADA INCORPORATED and **Mr R. W. D. Hanbidge,** president, has been appointed chief executive officer. These appointments follow the death of **Mr Derek F. Mitchell,** who had been chairman and chief executive of BP Canada Incorporated since 1977.

★

**Mr Peter Brown,** director of marketing for Byron International, has been appointed senior vice-president with Byron's U.S. distributor, WESCO INTERNATIONAL INCORPORATED.

★

**Mr Nick Clark,** at present an executive vice-president, Barclays Bank of California, has been appointed managing director of BARCLAYS BANK of Kenya with effect from March 1982. **Mr Alex Tweedie,** assistant general manager of Barclays Bank International in Italy, will be moving to New York as an executive vice-president in Barclays Group Office there. **Mr Anthony Curmi,** at present a general managers' assistant in central advances department, head office, London, will succeed Mr Tweedie as assistant general manager in Italy.

★

**Mr Robert L. Montgomery** has joined EUROPEAN-AMERICAN BANK NEW YORK as executive vice-president. He will head the bank's corporate planning and development department next March, following the retirement of **Mr H. Newman Marsh.** Mr Montgomery was with Corning Glass Works for 14 years, most recently as vice-president and director of corporate plans.

★

**Mr Peter K. J. Vadasdy** has been named president of RCA/COLUMBIA PICTURES INTERNATIONAL VIDEO, new joint venture in home video formed by RCA and Columbia Pictures. Mr Vadasdy moves to his new position on December 1, from his present post as senior vice president and treasurer of Columbia Pictures International Corporation.

★

**Dr Franz Schmitz** is to retire as general manager of SWISS BANK CORPORATION, Basle, at the end of the year. He is to be succeeded by DR GEORGES STREICHENBERG, whose place as a central manager in Zurich will be taken over by **Dr Conrad Kessler.**

★

**Sir Ian McLennan,** chairman of the ANZ BANKING G... will retire at the annual m... on January 18. **Sir W... Vines,** deputy chairman, ... succeed Sir Ian.

★

**Dr Ludwig Orth, Mr ... Rosenbaum** and **Mr K... Walton** have been made ... presidents of ITT EU... INCORPORATED. Dr ... group general manager ... industrial products ... Europe, based in Brussels ... Rosenbaum is general m... consumer electronics for ... dard Elektrik Lorenz ... Pforzheim, Germany a... Walton is regional dir... UK, Scandinavia, Spain ... Components and Semi-... tors Group, based in ... UK.

★

**Mr Marc J. Anderson** h... named director of sales ... Saab-Fairchild 340 prog... FAIRCHILD SWEAR... CORPORATION, San ... Texas. **Mr George G. F...** been named vice-presi... engineering.

# CURRENCIES, MONEY and GOLD

## $ & £ firm

llar ended on a firm note European currency trading rday, after easing during morning as Eurodollar est rates continued to ne. News that U.S. gross nal product rose at a nally adjusted annual rate .6 per cent in the third er encouraged buying of U.S. currency in New York. owed gains against most pean currencies, but ened against the yen, eculation that the Japanese orities may allow the yen to eciate to counter criticism e country's trade surplus. rling was little changed st the dollar, but im- ed against European units, ite fears of a cut in London base rates.

ropean currencies eased st the dollar, and mem- of the European Monetary m also lost ground to ing and the Swiss franc.

DOLLAR — trade-weighted x (Bank of England) fell to from 106.9. The U.S. cur- y rose to DM 2.2450 from 2.2350 against the D-mark; Fr 5.6550 from FFr 5.6325 st the French franc; and SwFr 1.7950 from SwFr 1.7875 rms of the Swiss franc, but to Y220.25 from Y222.25 st the Japanese yen.

STERLING — trade-weighted x (Bank of England) rose 0.6 from 90.3, after opening 0.7 and standing at 90.7 at . The pound opened at 910-1.9220, and touched a of $1.9250-1.9260. Demand the dollar in New York ed sterling to a low of 080-1.9100 in the afternoon, it closed at $1.9110-1.9120, a of 15 points on the day. ling rose to DM 4.29 from 4.2750; to FFr 10.8050 from 10.77; and to SwFr 3.4325 n SwFr 3.42; but fell to Y421 from Y425.

D-MARK—Weakest member of the European Monetary System following the recent currency realignment, but recovering after trading close to its divergence limit for several weeks. It has also recovered against the dollar as U.S. interest rates continue to decline, despite fears about less favourable economic outlook for the Federal Republic and rumours of lower German rates —The D-mark improved against most currencies at the Frankfurt fixing, but lost ground to sterling and the Japanese yen. The dollar fell to DM 2.2255 from DM 2.2404 in quiet trading without any intervention by the Bundesbank, but later recovered to DM 2.2400 in the afternoon. The market was nervous ahead of the Bundesbank central council meeting, but there were no changes in credit policies, with the discount rate left at 7½ per cent, and the special Lombard rate at 11 per cent. The French franc fell to DM 39.64 per 100 francs from DM 39.65, but the pound rose to DM 4.28 from DM 4.2680.

BELGIAN FRANC — Trading around the middle of the EMS since the last currency realignment and now comfortably within its divergence limit—The Belgian franc declined against most currencies at the Brussels fixing, although the dollar fell to BFr 37.2675 from BFr 37.5950. Sterling rose to BFr 71.56 from BFr 71.2325, and the D-mark to BFr 16.7390 from BFr 16.7370. The Belgian National Bank gave support to the franc on Tuesday and Thursday of last week, despite the comfortable position of the currency within the EMS. The franc did not require assistance under the intervention rules of the system, but the authorities intervened to keep it at roughly the central rate against the European Currency Unit.

## THE DOLLAR SPOT AND FORWARD

| Nov 19 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.9080-1.9260 | 1.9110-1.9130 | 0.48-0.38c pm | 2.70 | 1.02-0.92 pm | 2.03 |
| Ireland† | 1.5910-1.5975 | 1.5910-1.5940 | 0.80-0.70c pm | 5.65 | 2.20-1.90 pm | 5.15 |
| Canada | 1.1807-1.1828 | 1.1825-1.1828 | 0.43-0.46c dis | −4.51 | 0.96-0.99dis | −3.30 |
| Nethlnd. | 2.4230-2.4535 | 2.4480-2.4510 | 0.29-0.24c pm | 1.30 | 0.90-0.80 pm | 1.39 |
| Belgium | 37.20-37.53 | 37.51-37.53 | 27-32c dis | −9.43 | 57-65 dis | −6.53 |
| Denmark | 7.1425-7.2000 | 7.1600-7.1700 | par-⅛ore dis | −0.21 | 1⅛-2⅛ dis | −1.12 |
| W. Ger. | 2.2200-2.2475 | 2.2445-2.2455 | 0.40-0.35pf pm | 2.00 | 1.18-1.11 pm | 2.04 |
| Portugal | 64.05-64.40 | 64.20-64.40 | 30-110c dis | −13.09 | 70-240 dis | −9.66 |
| Spain | 94.90-95.60 | 95.50-95.60 | 20-30c dis | −3.15 | 60-70 dis | −2.52 |
| Italy | 1,193½-1,201 | 1,198-1,200 | 7½-8¼ lire dis | −7.92 | 24-27 dis | −8.55 |
| Norway | 5.7580-5.7900 | 5.7700-5.7800 | 1.75-2.15ore dis | −4.04 | 2.40-2.80dis | −1.80 |
| France | 5.6000-5.6575 | 5.6525-5.6575 | 1.40-1.60c dis | −3.19 | 5.70-6.10dis | −4.18 |
| Sweden | 5.4530-5.4900 | 5.4700-5.4800 | par-0.20ore dis | −0.22 | 0.15pm-0.05d | 0.04 |
| Japan | 218.00-220.50 | 220.20-220.30 | 1.02-0.92y pm | 5.28 | 2.80-2.70 pm | 4.99 |
| Austria | 15.58½-15.70½ | 15.69½-15.70½ | 4¼-2¼gro pm | 2.67 | 9¼-5¼ pm | 1.97 |
| Switz. | 1.7750-1.8030 | 1.7945-1.7955 | 0.55-0.45c pm | 3.34 | 1.35-1.25 pm | 2.90 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## THE POUND SPOT AND FORWARD

| Nov 19 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.9080-1.9260 | 1.9110-1.9120 | 0.48-0.38c pm | 2.70 | 1.02-0.92 pm | 2.03 |
| Canada | 2.2580-2.2730 | 2.2615-2.2625 | 0.27-0.37c dis | −1.70 | 0.65-0.85dis | −1.33 |
| Nethlnd. | 4.65-4.70 | 4.68¾-4.69¾ | 1½-1¼c pm | 3.52 | 4-3½ pm | 3.20 |
| Belgium | 71.25-71.85 | 71.65-71.75 | 32-42c dis | −6.19 | 74-84 dis | −4.41 |
| Denmark | 13.70-13.80 | 13.79-13.80 | 3⅛-2⅛ore pm | 2.28 | 4⅛-2⅞ pm | 0.88 |
| Ireland | 1.2000-1.2100 | 1.2075-1.2090 | 0.35-0.47p dis | −4.07 | 0.89-1.17dis | −3.41 |
| W. Ger. | 4.26-4.30 | 4.28½-4.29½ | 1⅞-1½pf pm | 4.54 | 4⅞-4⅞ pm | 4.08 |
| Portugal | 122.40-123.60 | 122.60-122.90 | 30-190c dis | −10.75 | 70-405 dis | −7.74 |
| Spain | 182.00-183.30 | 182.30-182.50 | 5-30c dis | −1.15 | 40-80 dis | −1.31 |
| Italy | 2,277-2,288 | 2,285½-2,287½ | 8¾-11¾ lire dis | −5.38 | 35½-39½ dis | −6.56 |
| Norway | 11.06-11.11 | 11.08-11.09 | ½-1¾ore dis | −1.22 | 1½-½ pm | 0.38 |
| France | 10.74-10.81 | 10.80-10.81 | par-1c dis | −0.55 | 5¼-6¼ dis | −2.13 |
| Sweden | 10.46-10.52 | 10.47-10.48 | 2⅛-1⅛ore pm | 2.29 | 5⅞-4⅞ pm | 2.00 |
| Japan | 418-425 | 420½-421½ | 2.80-2.50y pm | 7.55 | 7.45-7.15 pm | 6.93 |
| Austria | 29.90-30.10 | 30.00-30.05 | 15-10gro pm | 4.99 | 33-23 pm | 3.73 |
| Switz.. | 3.41-3.45 | 3.42¼-3.43¼ | 1⅞-1⅝c pm | 5.68 | 4¼-3¼ pm | 4.66 |

Belgian rate is for convertible francs. Financial franc 80.05-80.15. Six-month forward dollar 1.25-1.15c pm. 12-month 1.50-1.30c pm.

## CURRENCY MOVEMENTS

| Nov. 19 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 90.6 | −33.4 |
| U.S. dollar | 106.5 | +0.3 |
| Canadian dollar | 88.6 | −16.2 |
| Austrian schilling | 117.4 | +24.6 |
| Belgian franc | 106.6 | +9.5 |
| Danish kroner | 88.5 | −9.2 |
| Deutsche mark | 122.4 | +45.4 |
| Swiss franc | 153.5 | +104.1 |
| Guilder | 115.0 | +19.6 |
| French franc | 81.2 | −14.3 |
| Lira | 55.7 | −57.2 |
| Yen | 144.2 | +38.5 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

## CURRENCY RATES

| Nov. 18 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.613795 | 0.575297 |
| U.S. $ | 13 | 1.16222 | 1.08846 |
| Canadian $ | 16.13 | 1.37084 | 1.29015 |
| Austria Sch. | 6¾ | 18.3247 | 17.1542 |
| Belgian F. | 13 | 43.6937 | 40.9643 |
| Danish Kr. | 11 | 8.39995 | 7.86958 |
| D mark | 7½ | — | 2.44686 |
| Guilder | 9 | 2.85790 | 2.68110 |
| French Fr. | 9½ | 6.59153 | 6.17430 |
| Lira | 19 | 1394.08 | 1305.61 |
| Yen | 6¼ | 260.570 | 242.727 |
| Norwgn. Kr. | 9 | 6.79434 | 6.35118 |
| Spanish Pta. | 8 | 111.513 | 104.460 |
| Swedish Kr. | 11 | 6.39918 | 5.99307 |
| Swiss Fr. | 6 | 2.10013 | 1.97012 |
| Greek Dr'ch. | 20½ | — | 61.9226 |

## OTHER CURRENCIES

[illegible]

## EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

## EXCHANGE CROSS RATES

[illegible]

## LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 19)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 12 7/16 | offer 12 9/16 | bid 12 11/16 | offer 12 15/16 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Nov. 19 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 16-16 1/8 | 12 3/8-12 5/8 | 18-19 | 11 1/8-11 3/8 | 5-5 1/2 | 10 5/8-10 3/4 | 15 1/4-15 5/8 | 17-19 | 18-20 | 6-6 1/2 |
| 7 days' notice | 16-16 1/2 | 12 3/8-12 5/8 | 18-19 | 11 1/8-11 3/8 | 5 1/4-5 3/4 | 10 5/8-10 3/4 | 15 1/4-15 5/8 | 18 1/4-20 1/4 | 20 3/4-23 1/2 | 6 5/8-6 7/8 |
| Month | 15 1/8-15 1/4 | 12 3/8-12 5/8 | 16 7/8-17 1/4 | 11 1/8-11 3/8 | 9-9 1/8 | 10 1/2-10 5/8 | 15 1/2-15 3/4 | 20-21 | 21 1/8-22 7/8 | 6 3/4-7 |
| Three months | 14 11/16-14 13/16 | 12 1/8-12 1/4 | 16 1/8-16 1/2 | 11 1/8-11 3/8 | 9 3/16-9 5/16 | 10 1/2-10 5/8 | 16 5/8-16 7/8 | 21-21 3/4 | 18 1/2-19 1/2 | 7 1/4-7 1/2 |
| Six months | 14 1/4-14 3/8 | 12 5/8-12 7/8 | 15 7/8-16 1/4 | 11 1/8-11 3/8 | 9 3/16-9 1/4 | 10 1/16-10 3/16 | 17 3/8-17 5/8 | 21 1/2-22 1/4 | 17 3/4-18 1/2 | 7 1/4-7 1/2 |
| One Year | 14 1/8-14 1/4 | 13 1/8-13 3/8 | 15 5/8-16 | 11 1/8-11 3/8 | 8 5/8-8 3/4 | 9 13/16-9 15/16 | 17 7/8-18 1/4 | 21 1/2-22 1/2 | 16 1/4-16 1/2 | 7 1/4-7 1/2 |

SDR linked deposits: one month 11 13/16-12 1/16 per cent; three months 12-12 1/4 per cent; six months 12 1/16-12 7/16 per cent; one year 12 9/16-12 13/16 per cent.
ECU linked deposits: one month 13 13/16-14 1/16 per cent; three months 13 7/8-14 1/8 per cent; six months 13 7/8-14 1/8 per cent; one year 13 13/16-14 3/16 per cent.
Asian $ (closing rates in Singapore): one month 12 1/4-12 3/8 per cent; three months 12 1/2-12 5/8 per cent; six months 12 5/8-12 3/4 per cent; one year 12 15/16-13 1/16 per cent.
Long-term Eurodollar two years 14 1/4-14 1/2 per cent; three years 14 1/4-14 1/2 per cent; four years 14 1/4-14 1/2 per cent; five years 14 1/2-14 3/4 per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.20-12.30 per cent; three months 12.15-12.25 per cent; six months 12.25-12.35 per cent; one year 12.60-12.70.

## MONEY MARKETS

### Exceptional help

Day to day credit was in extremely short supply in the London money market yesterday. The Bank of England gave assistance by buying bills down 14⅞ per cent compared with per cent on Wednesday and per cent on Tuesday. However there appeared to be little anything to read into the Bank's dealing rates, with market sources suggesting that the Bank have been anxious just to out the shortage, ultimately rates below those seen recently. Nevertheless period rates finished slightly down from Wednesday, adding further weight to recent speculation over an early cut in clearing banks' base rates. While one week interbank money reflected current shortages at 16¼ per cent from 16 per cent, the three-month rate was unchanged at per cent while six-month money eased to 13⅞ per cent from per cent.

Overnight money opened at 16-per cent and rose to 17½-18 per cent. It touched 20-23 per cent before coming back to 15-16 per cent after the Bank had given help during the afternoon. It dipped briefly to 12-14 per cent before finishing around 15 per cent.

The Bank gave an early forecast of −£500m and among the factors affecting the market were bills maturing in official hands a net take-up of Treasury bills −£255m and Exchequer transactions −£180m. The shortage was later modified to −£650m and the Bank's morning assistance totalled purchases of £387m of bills. In band 1 (up to 14 days) it bought £8m of eligible bank bills at 14⅞ per cent and in band 2 (15-33 days) £29m of Treasury bills at 14½-14 7/16 per cent, £5m of local authority bills at 14½-14 9/16 per cent and £225m of eligible bank bills at 14 7/16-14⅞ per cent. In band 3 (34-63 days) it bought £14m of Treasury bills at 14⅜-14 7/16 per cent, £3m of local authority bills at 14 7/16 per cent and £100m of eligible bank bills at 14⅜-14½ per cent.

Further assistance in the afternoon totalled £279m, making a grand total of £666m. The afternoon help comprised purchases of £13m of eligible bank bills in band 1 at 14⅞ per cent and in band 2 £61m of eligible bank bills at 14 7/16 per cent. In band 3 the Bank bought £59m of eligible bank bills at 14⅜-14⅜ per cent and £15m of Treasury bills at 14⅜-14 7/16 per cent. The Bank also entered into a sale and repurchase agreement, unwinding on November 24, involving £181m of bills at 14½-15 per cent.

In Frankfurt there were no changes in credit policies after yesterday's meeting of the Bundesbank central council. There had been some speculation that the authorities would cut the discount rate. Call money yesterday fell to 10.50 per cent at one point ahead of the announcement compared with 10.85 per cent on Wednesday. It came back to 10.75 per cent and is expected to rise to nearer the special Lombard rate of 11 per cent.

## GOLD

### Weaker trend

Gold fell $4 in the London bullion market to $398-399. It opened at $396¼-397¼, the lowest level of the day, and was fixed at $401 in the morning and afternoon. The highest point touched was $402-403.

In Paris the 12½-kilo gold bar was fixed at FFr 75,000 per kilo ($415.52 per ounce) in the afternoon, compared with FFr 75,000 ($416.37) in the morning, and FFr 75,000 ($411.30) Wednesday afternoon.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $398 per ounce, against $400.80.

In Zurich gold finished at $400-403, compared with $402-$405.

| | Nov. 19 | | Nov. 18 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $398-399 | (£208-208½) | $403-405 | (£210-210½) |
| Opening | $396¼-397½ | (£206¼-206¾) | $401-402 | (£211½-212) |
| Morning fixing | $401 | (£208.420) | $400.75 | (£211.422) |
| Afternoon fixing | $401 | (£209.290) | $403.75 | (£212.277) |
| **Gold Coins** | | | | |
| Krugerrand | $410-411 | (£214¼-214¾) | $414-415 | (£216½-217) |
| 1/2 Krugerrand | $211¼-212¼ | (£110¼-110¾) | $213½-214½ | (£111¾-112¼) |
| 1/4 Krugerrand | $107½-108½ | (£56¼-56¾) | $108½-109½ | (£56¾-57¼) |
| 1/10 Krugerrand | $44-45 | (£23-23½) | $44½-45½ | (£23¼-23¾) |
| Mapleleaf | $409-411 | (£213¾-214¾) | $413-415 | (£216-217) |
| New Sovereigns | $98-98½ | (£51¼-51½) | $98½-99 | (£51½-51¾) |
| King Sovereigns | $105-106 | (£55-56) | $105¾-106¾ | (£55¼-55¾) |
| Victoria Sovs | $105-106 | (£55-56) | $105¾-106¾ | (£55¼-55¾) |
| French 20s | $88-98 | (£46-51¼) | $89-99 | (£46½-51¾) |
| 50 pesos Mexico | $494-497 | (£258-259½) | $498-501 | (£260½-262¼) |
| 100 Cor. Austria | $387-391 | (£202-204¼) | $391-395 | (£204½-206¾) |
| $20 Eagles | $492-497 | (£257-259½) | $493-498 | (£258-260½) |

## LONDON MONEY RATES

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

## OFFSHORE & OVERSEAS FUNDS

[illegible]

### NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

# WORLD STOCK MARKETS

# Dow drifting lower at 1pm

STOCKS drifted lower at midsession, with the only real strength showing in the Energy sector, responding to takeover speculation.

The Dow Jones Industrial average, fluctuating in a narrow range all morning, was down 3.33 at 1 pm. to 840.75, on volume of 33.1m shares (38.3m). Declines narrowly led advances. The NYSE All Common Index was up 3 cents at $70.06.

Analysts said investors were still nervous about the scale of the recession, although the third-quarter gross national product was yesterday revised upwards to show 0.6 per cent growth rather than the 0.8 per cent drop originally reported.

U.S. Steel's surprise announcement that it agreed to acquire 51 per cent of Marathon Oil for $125 a share set off a wave of buying in Energy stocks as investors looked for the next likely takeover target.

U.S. Steel fell $2½ to $28½ on the news and SEDCO, which holds 7.8 per cent of Marathon, rose $3⅞ to $37. Trading in Marathon was halted.

Cities Service, a favourite subject of Wall Street takeover rumours, rose $2⅛ to $51⅞ in active trading. Other gainers in the Energy group included Pennzoil, up $2 to $76⅜, Kerr McGee, $2½ to $76½, Getty, $2½ to $65, Amerada Hess, $1½ to $27¼ and Superior, $1½ to $34½.

Blue Chip stocks were generally lower, with IBM off ⅜ at $50¼, General Motors, ½ at $34¼, ATT, ½ at $60⅞, Du Pont, ¾ at $38⅞ and Merck, ¾ at $79½.

AM International rose ⅛ to $4¼. Madison Fund sold its 16 per cent stake in AM to HCI Holdings of Chicago. Embart added $1⅛ at $32⅞ on news that it would buy up to 1m of its shares for $34 each.

THE AMERICAN SE Market Value Index was up 2.80 at 313.92 on volume at 3.7m shares (3.1m).

**Closing prices for North America were not available for this edition.**

## Canada

Toronto stocks moved up in slow trading with strong gains in the Oils by midsession.

Dome Petroleum said its merger with Hudson's Bay Oil and Gas could now proceed following the Government's decision on budget tax measures involving mergers.

After halts at the opening, Dome was up ⅜ to C$13⅜, Hudson's Bay Oil rose C$2⅜ to C$49½, Hudson's Bay Company gained 2 to C$21⅝.

The Composite index rose 14 points to 1,893.2 at midsession and the Oil and Gas index rose 56 to 3,569.4. Advancing issues led the declines 224 to 124.

Among the gainers, Francana Oil and Gas rose C$1 to C$18½, North Canadian Oils C$1 to C$28½, BP Canada C$1 to C$31, and Camflo Mines C$1½ to C$19⅝.

## Germany

Most leading shares closed easier, with dealers reporting scant buying interest during a quiet session which saw the Commerzbank index fall 6.9 to 672.7.

The market derived no impetus from the Bundesbank central council, which left credit policies unchanged at yesterday's meeting. Siemens, remaining weak, closed DM 1.30 lower at DM 196 and AEG fell DM 0.30 to DM 43.50.

In Engineering, GHH rose DM 3 to DM 205 after reporting higher turnover in the year to June 30 and between July and September, but Deutsche Babcock fell DM 5 to DM 174 and Linde DM 4.80 to DM 302.

In Banks, Deutsche was steady at DM 268.5 and Dresdner slightly down at DM 125, off 50 pf. Stores were marginally easier, with Horten off DM 1, Karstadt DM 1.50 lower and Kaufhof 50 pf down.

Public authority bonds were steady. The Bundesbank sold DM 44.6m worth of paper. Mark Eurobonds firmed early but returned later to opening levels.

## Paris

Prices tended mixed in a quiet market, with trading dominated by position-squaring at the opening of the monthly accounting period.

Portfolios and Electricals, where CIT-Alcatel rose FFr 7 to FFr 649, firmed, and most other sectors were mixed. Metals and Oils eased.

Among stocks in line for nationalisation, Rhone-Poulenc slipped FFr 1.5 to FFr 130.2, CIC shed FFr 2.5 to FFr 148.5 and CGE rose FFr 3 to FFr 316.

Leading stocks to gain ground included Carrefour, up FFr 31 at FFr 1,585, Bouygues, up FFr 10 at FFr 889 and BIC, FFr 26 higher at FFr 392.

## Milan

Prices closed generally firmer in active trading.

Ambrosiano Group shares, including Centrale—up L390 at L8,050—were sharply higher on Wednesday's news that the De Benedetti family-controlled holding company CIR acquired a shareholding in Banco Ambrosiano.

Fiat, up L33, Generali, Pirelli Spa, Olivetti, L45 higher, Montedison and Mediobanca also gained.

## Tokyo

Share prices closed slightly lower in active trading as export-oriented issues fell, with many investors concerned over Japan's trade conflicts with Western countries and the weakening U.S. economy.

The Nikkei Dow market average lost 12.05 to close at 7,655.28 on volume of 420m shares. The Tokyo Stock Exchange index shed 0.66 at 565.27.

In a sharp contrast to declines in light Electricals, Motors, Precisions and Heavy electric machines, issues with large assets rose sharply, responding to mounting speculation that Japan's official discount rate may be cut from 6.25 per cent next month or in January.

High technology issues such as Robot makers, Optical fibres and Drugs fell on profit-taking, but securities firms advanced on a return of foreign investors to Japanese stocks.

## Hong Kong

The stock market recovered from an early decline to close fairly steady on the day with trading quiet and featureless.

The Hang Seng index [illegible] 2.41 points lower at 1,385.39.

Public utility shares firmed in late trading, with Hongkong Telephone up by 40 cents at HK$20.40 and China Light up [illegible] cents to HK$13.20.

However, some leading property shares were lower. Cheung Kong held steady at HK$21.80 but Hongkong Land slipped 15 cents to HK$9.55.

## Australia

The market moved lower, key Mineral and Energy issues lost ground. The All Ordinaries index closed 3.5 off at 561.4, stable prices among industrials helping to cushion the effect of losses among Resources.

CSR led the market down with a 43 cent fall to A$3.55, its lowest in over two years. It announced on Wednesday a one-for-[illegible] rights issue to raise A$135m, a 30 per cent cut in interim profits to A$42.46m.

Market leader BHP fell 9 cents to A$9.96.

GMK slid 30 cents to A$[illegible], CRA eased 2 cents to A$[illegible], WMC was 10 cents down at A$3.70, MIM came back 5 cents to A$3.05, Woodside was steady at A$1.14, Santos fell 10 cents to A$5.10, Vamgas dropped 20 cents to A$8.80, Ashton fell 4 cents to A$1.31, AOD declined 5 cents to A$1.55 and Coal and Allied slipped 10 cents to A$7.70.

## Johannesburg

Gold shares attracted buying and rose towards the close as bullion prices reached $400.

After early losses, some issues met buying. Harties rose R2 to R62.50 and Vaal Reefs [illegible]. De Beers eased 3 cents to R8.60. Industrials were mixed in light trading.

# Indices

## NEW YORK —DOW JONES

| | Nov. 18 | Nov. 17 | Nov. 16 | Nov. 13 | Nov. 12 | Nov. 11 | 1981 High | 1981 Low | Since Cmpil'tn High | Since Cmpil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ♦Industr'ls | 844.08 | 850.17 | 845.03 | 855.88 | 860.54 | 857.12 | 1024.05 (27/4) | 824.01 (25/9) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me Bnds. | 60.19 | 60.22 | 60.25 | 59.66 | 59.78 | 59.51 | 66.78 (16/1) | 54.88 (1/10) | — | — |
| Transport. | 376.53 | 376.58 | 377.06 | 386.66 | 384.06 | 382.67 | 447.38 (16/4) | 355.48 (25/9) | 447.38 (16/4/81) | 12.23 (8/7/32) |
| Utilities | 110.86 | 110.71 | 110.56 | 110.97 | 110.78 | 109.74 | 117.81 (6/1) | 101.28 (28/9) | 165.32 (20/4/69) | 10.5 (28/4/42) |
| TradingVol 000's | 48,360 | 45,190 | 45,749 | 45,650 | 55,720 | 41,320 | — | — | — | — |

♦Day's high 854.26, low 839.99.

| Ind. div. yield % | Nov. 16 | Nov. 9 | Nov. 2 | Year ago (approx) |
|---|---|---|---|---|
| | 6.48 | 6.51 | 6.46 | 5.50 |

### STANDARD AND POORS

| | Nov. 18 | Nov. 17 | Nov. 16 | Nov. 13 | Nov. 12 | Nov. 11 | 1981 High | 1981 Low | Since Cmpil'tn High | Since Cmpil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Indust'ls | 135.37 | 134.47 | 133.35 | 134.94 | 136.74 | 136.66 | 157.02 (6/1) | 128.49 (24/9) | 160.96 (25/11/80) | 3.52 (30/6/32) |
| Composite | 120.26 | 121.15 | 120.24 | 121.67 | 123.19 | 123.62 | 138.12 (6/1) | 115.01 (24/9) | 140.52 (28/11/80) | 4.402 (1/6/32) |

| | Nov. 11 | Nov. 5 | Oct. 28 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.29 | 5.18 | 5.54 | 4.36 |
| Ind. P/E Ratio | 11.95 | 9.61 | 8.14 | 9.34 |
| Long Gov. Bond yield | 13.35 | 13.60 | 14.70 | 12.01 |

### NY. S.E. ALL COMMON

| Nov. 18 | Nov. 17 | Nov. 16 | Nov. 13 | 1981 High | 1981 Low |
|---|---|---|---|---|---|
| 70.03 | 70.39 | 69.99 | 70.85 | 79.14 (6/1) | 64.96 (25/9) |

| Rises and Falls | Nov. 18 | Nov. 17 | Nov. 16 |
|---|---|---|---|
| Issues Traded | 1,902 | 1,954 | 1,947 |
| Rises | 741 | 856 | 442 |
| Falls | 723 | 668 | 1,177 |
| Unchanged | 438 | 430 | 328 |
| New Highs | 54 | 25 | 22 |
| New Lows | 31 | 39 | 60 |

### MONTREAL

| | Nov. 18 | Nov. 17 | Nov. 16 | Nov. 13 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| Industrials | 321.62 | 321.77 | 321.46 | 330.23 | 409.58 (27/5) | 310.21 (25/9) |
| Combined | 306.41 | 306.65 | 306.78 | 314.05 | 375.29 (15/8) | 295.97 (25/9) |
| TORONTO Composite | 1878.2 | 1881.4 | 1869.0 | 1921.8 | 2678.3 (10/4) | 1812.48 (25/9) |

### NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| Goodyear | 3,033,300 | 18 | +⅜ | Gen. Motors | 538,100 | 34⅞ | −½ |
| Exxon | 943,600 | 31 | +¼ | Texas Intl. | 522,600 | 38¼ | +¾ |
| S. Fe Intl | 568,100 | 46½ | −⅜ | Texas Ut. | 506,800 | 21¾ | −⅜ |
| Marathon Oil | 560,700 | 77 | +1½ | Dow Chem. | 491,200 | 23⅞ | −½ |
| IBM | 542,400 | 50½ | −⅜ | ATT | 482,300 | 60⅞ | −⅛ |

| | Nov. 19 | Nov. 18 | Nov. 17 | Nov. 16 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 561.4 | 565.1 | 565.5 | 571.1 | 737.5 (6/4) | 545.8 (23/10) |
| Metal & Minrls (1/1/80) | 406.8 | 416.7 | 414.3 | 425.4 | 735.2 (7/1) | 410.6 (29/10) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 56.29 | 55.34 | 57.22 | 57.03 | 65.46 (5/1) | 53.64 (15.10) |
| **BELGIUM** | | | | | | |
| Belgian SE (31/12/58) | 72.62 | 72.81 | 73.70 | 73.21 | 86.15 (17/2) | 69.55 (16/6) |
| **DENMARK** | | | | | | |
| Copenhagen SE (1/1/73) | 121.11 | 120.73 | 118.83 | 116.72 | 121.11 (19/11) | 95.88 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (29/12/61) | 87.2 | 86.7 | 85.5 | 86.8 | 112.5 (17/3) | 77.5 (16/6) |
| Ind Tendance (31/12/80) | 93.6 | 93.5 | 92.5 | 95.1 | 108.3 (10/3) | 79.2 (12/6) |
| **GERMANY** | | | | | | |
| FAZ-Aktien (31/12/58) | 219.95 | (c) | 221.56 | 223.71 | 245.47 (6/7) | 216.86 (3/2) |
| Commerzbank(Dec1953) | 672.7 | (c) | 679.6 | 684.8 | 749.0 (6/7) | 666.4 (15/2) |
| **HOLLAND** | | | | | | |
| ANP-CBS General (1970) | 83.3 | 83.0 | 82.7 | 83.4 | 98.8 (20.8) | 78.5 (26/3) |
| ANP-CBS Indust (1970) | 62.0 | 61.8 | 62.0 | 62.7 | 76.4 (22/6) | 61.5 (30/10) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1385.39 | 1387.8 | 1386.31 | 1443.06 | 1810.20 (17/7) | 1113.77 (5/10) |
| **ITALY** | | | | | | |
| Banca Comm Ital (1972) | 190.29 | 187.48 | 180.83 | 182.39 | 292.83 (3/6) | 166.44 (24/7) |
| **JAPAN**** | | | | | | |
| Dow Average (16/5/49) | 7665.28 | 7667.31 | 7648.8 | 7674.92 | 8019.14 (17/8) | 6956.52 (13/3) |
| Tokyo New SE (4/1/68) | 566.27 | 565.93 | 565.08 | 566.16 | 603.92 (17/8) | 486.79 (5/1) |
| **NORWAY** | | | | | | |
| Oslo SE (1/1/72) | 133.77 | 133.82 | 133.91 | 135.78 | 146.72 (6/8) | 110.34 (3/6) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 714.94 | 715.01 | 708.77 | 718.65 | 973.26 (28/8) | 616.26 (1/8) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | (u) | 587.7 | 586.6 | 596.2 | 797.6 (7/1) | 478.6 (6/7) |
| Industrial (1958) | (u) | 680.2 | 679.9 | 675.2 | 709.4 (21/10) | 557.2 (5/2) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/80) | 129.1 | 128.7 | 128.9 | 130.58 | 146.15 (8/8) | 100.46 (2/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 620.66 | 614.89 | 619.35 | 625.51 | 660.31 (10/8) | 494.17 (20/1) |
| **SWITZERLAND** | | | | | | |
| SwissBankCpn. (31/12/58) | 247.8 | 245.3 | 242.9 | 245.00 | 304.2 (2/4) | 242.9 (17/11) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | (u) | 143.1 | 143.5 | 145.1 | 162.8 (6/1) | 135.8 (26/9) |

(**) Sat Nov 14: Japan Dow 7,621.20. TSE 562.03.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

# [T]ea auction [d]elayed in [Si]ngapore

[By O]ur Calcutta Correspondent

[THE] FIRST tea auction in [Singa]pore will now be held [on] December 2 instead of [Nove]mber 24 as scheduled [...], according to J. Thomas [...] the Indian tea broking [fir]m which will be conducting the auction there through [a rece]ntly set-up subsidiary. [It] is expected that some [...]0 kilograms of tea will [be of]fered at the first auction, [mostl]y for the most part from [Nort]h Indian gardens, especially [As]sam. Bangladesh is also [...] to send a certain quantity. [...] sponsors expect keen [intere]st from buyers not only [in A]sia but in Australia and [the W]est Coast of the United [State]s as well.

[Acc]ording to J. Thomas, will [be ba]sed on the London's open [...] system of bid and selling prices being made public. [...] tea at Singapore will be [...]d and sold in U.S. dollars [inste]ad of sterling. The sponsors feel that, unlike London, [the S]ingapore auction should be [...]ected to traders and dealers [...] that the public, unlike the [...]ice in London, should be [exclu]ded.

# [N]ew Zealand [e]xpects wool [o]utput to fall

Dai Hayward in Wellington

[NEW] ZEALAND'S wool clip [will] drop by 15,700 tons or 4.1 [per] cent in the 1981-82 season. [Pro]duction is forecast at 365,000 [tons] compared with last year's [reco]rd clip of 380,700 tons. [T]he drop in production is the [...] result of a lower clip per [shee]p with an average wool [fle]ece forecast as lighter. Feed [pro]blems because of the poor [sea]son have been mainly responsible for this decline.

[T]he increase in the national [floc]k has also levelled out. Pro[duc]tion of lamb, mutton and [bee]f will probably also be down [bec]ause of bad weather.

[In] the first quarter of the [curr]ent season—July to September—the amount of greasy and [scou]red wool shipped to the UK [for] sale at auction in Bradford [incr]eased by 18 per cent to [..]7 bales.

# U.S. fears hit copper and lead

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES came under renewed selling pressure on the London Metal Exchange yesterday falling to the lowest level since May. Cash wirebars closed £15.25 down at £840.25 a tonne. The market was depressed by the firmer trend in sterling, poor U.S. figures for housing starts and a series of domestic price cuts by North American copper producers. Phelps Dodge and Noranda cut their U.S. selling price by 2 cents to 79 cents a pound; Asarco and Hudson Bay by 1 cent to 79.5 cents; while Inspiration Copper dropped its price by 3 cents to 78 cents a pound.

These reductions reflect the present sluggish demand for copper in the U.S. in spite of the recent slide in interest rates.

U.S. lead producers also cut their domestic prices by 2 cents to 32 cents a pound. These cuts end similar pessimism about demand prospects brought a further fall in the London lead market. The cash price dropped to its lowest level for six months losing £11.5m to £332.5 a tonne.

Cash aluminium lost £7 to £542.5 a tonne. This is the lowest point since the LME futures market was launched in October 1978.

**Roy Hodson** writes: Aluminium is in the worst recession the industry has ever experienced, Mr Thomas Gasser, chief financial executive of Alusuisse, said in Sierre, Switzerland, adding: "There is no silver lining on the horizon *for the aluminium industry.*"

Alusuisse has written to shareholders pointing out that stocks of primary aluminium held by producers in the western world have risen from 1.4m tonnes in May 1980 to 2.8m tonnes. The letter says the industry expected a brief and relatively mild recession but was now suffering worldwide from a drastic slump in capacity use and earnings with sales faltering and prices declining.

# More state aid for hill farmers

BY RICHARD MOONEY

BRITAIN'S HILL farmers, who have still not fully recovered from the hard winter of 1979-80, are to reap another bumper crop of Government aid next year.

Mr Peter Walker, the Agriculture Minister, said yesterday that total aid to the hill livestock sector in 1982 would be *£101m, against £100m this year.*

Announcing this in a parliamentary written reply, Mr Walker said: "The hill areas of Britain are of fundamental importance to British agriculture and the Government is determined to retain confidence on hill farms."

Following an economic review of the sector, the Ministry has decided to raise the hill cow allowance by £2 to £44.50 per cow, nearly double the level paid in 1979. With the benefits of the new EEC sheep meat regime beginning to work through, it has decided to keep the range of hill sheep allowances at between £4.25 and £6.25 a head.

Meanwhile, a committee of MPs was told by ministry officials that the capital grant system used to aid British farmers was at least as good as the "soft loan" system used in some Continental countries.

The 5 per cent interest subsidy paid to European farmers was equivalent over a 15 year *period to an immediate grant of* 28 per cent, they calculated. This compared with the 32 per cent grant available to British farmers on approved farm building projects.

Arguments against a switch to interest rate subsidies included tradition and the absence of financial institutions in Britain suitable to administer the system. Administrative costs could be considerable, one official said. In addition, capital grants were thought to have a more direct impact on farmers' liquidity.

● The EEC sheepmeat regime has encouraged a sharp rise in producer returns this season, according to the Meat and Livestock Commission.

# Forecast of cocoa bean surplus cut

By Our Euromarkets Staff

THE International Cocoa Organisation (ICCO) has cut its estimate of the 1981-82 world cocoa bean production surplus from 36,000 tonnes to 22,000.

In its latest quarterly bulletin *the ICCO secretariat said a rise* in the Ivory Coast's forecast crop had been more than offset by increased projected usage in the U.S. and West Germany. It now puts Ivory Coast 1981-82 output at 425,000 tonnes, up from 405,000 estimated in September. West Germany is now expected to grind 170,000 tonnes of beans and the U.S. 195,000 compared with 155,000 and 190,000 respectively.

A meeting of ICCO members in London, due to end yesterday, will carry on today in search of an acceptable formula for strengthening the International Cocoa Agreement's buffer stock price support operation, which has so far proved unequal to the depression in the market caused by excessive stocks.

Commercial borrowing of up to $420m to extend the existing $230m stock has been suggested by ICCO executive director, Mr Kwesi Hackman. *Plans for the* buffer stock to buy from producers on credit or to raise extra cash through increased export levies are also being considered.

# Rubber price rise studied

KUALA LUMPUR — Natural rubber producers and consumers meeting here opened formal discussions on a producers' request for an increase in the price range of an international rubber pact to meet rising production costs.

But consuming nations, *led by* the U.S., were taking a tough stand against any increases.

Rubber prices have been falling steadily since August. Early this month the buffer stock manager bought on the market for the first time after the level dipped below 178.5 cents a kilo *at which he can buy to defend* the price.

Yesterday, further support buying by the buffer stock was reported on the London and New York rubber markets.

Reuter

# Fight over EEC sugar

BY LARRY KLINGER IN BRUSSELS

CANE SUGAR producers — increasingly disturbed by European inaction over their *price dispute with the EEC and* the ramifications on overall relations between the Community and developing countries — are expected to demand an extraordinary ministerial conference as a "last resort" to restore confidence between the parties.

The machinery for calling such a meeting is already in train. This emerged in Brussels at a news conference held by Mr Bernard St John, deputy Prime Minister of Barbados.

*The concern of the 60 African, Caribbean and Pacific (ACP)* countries grouped under the special Lomé trade and aid arrangements with the EEC *goes far beyond the current* sugar price dispute.

The feeling among the majority of ACP States is that the whole Lomé convention is being dragged into disrepute by the EEC members employing diktat rather than negotiating under the Lomé protocol.

Mr St. John and Mr Oliver Jackman, the Barbadian Ambassador to the EEC and chairman of the ACP sugar sub-committee, said publicly what many ACP officials have been voicing privately for months: "Relations are soured: there are deep feelings of resentment . . . We are very greatly concerned."

Mr St. John said that the EEC Council of Ministers had this week failed to improve its sugar price offer. ACP states were unanimous in feeling that the "only way we will get satisfaction" is through a special joint ministerial meeting between the EEC and ACP countries.

The price dispute itself involves the rate guaranteed by the EEC for the 1.3m tonnes of cane sugar that can be imported annually from ACP producers.

Until this year, ACP exporters were granted the same price increase as the EEC's *beet producers. However, at* the EEC's last annual price fixing, domestic producers were given an 8.5 per cent rise while the ACP countries were only offered 7.5 per cent.

Britain argued that not only were EEC producers subject to a 2 per cent co-responsibility tax aimed at making the disposal of surplus production self-financing. But the financial position of Tate and Lyle depended on healthier profit margins.

Tate and Lyle, in its normal bilateral negotiations with the exporters, quickly agreed to guarantee the full 8.5 per cent. This led ACP states either to conclude that Tate and Lyle had not lobbied for a lower increase and that British official policy had not been coordinated, or to look for more sinister reasons.

The latest move in the dispute came at this week's Council of Agriculture Ministers. Britain seemed prepared for the first time to accept an official 8.5 per cent offer in return for Tate and Lyle being exempted from the EEC tax to support *storage aids.*

However, this was rejected by several other member States as contrary to the principle of the EEC's sugar marketing *arrangements.*

The issue has now again reverted to the EEC's special agriculture committee of technical experts in the hope that *a compromise can be worked out for approval at next month's* Agricultural Council.

The idea of a potentially embarrassing EEC-ACP Ministerial summit is thought to have concentrated British minds on the possible desirability of conceding something that is already being paid. It may speed an eventual compromise on granting the 8.5 per cent.

# Renegotiate world pact, Europe says

THE chief EEC delegate told the executive committee of the International Sugar Organisation, the Common Market was willing to accede to either an extended or renegotiated International Sugar Agreement but not in its present form, reports Reuter.

They said the main points concerning the EEC were the question of imbalance between basic export tonnages and world demand, the level *of special stocks, and exporter* shortfalls as well as the position of ISO-glucose.

Meanwhile, the London daily price for raw sugar on the world market was cut by £2 to £148 a tonne—the lowest level since October 1979.

On the futures market, however, values rallied in late *trading after reaching life of contract lows in the morning.* The March position, which fell to £156.75 at one stage, *closed at £160.40 a tonne,* £2.55 up on the previous close.

The rise followed a buy recommendation by a leading U.S. commission house and rumours of new sales to Russia.

FARMER'S VIEWPOINT

# A lot to be said for scarecrows

TO STARVE the crows was at one time an essential part of farming. Small boys would be employed to chase the birds off the newly sown crops in the *autumn. There are horrific* stories of the miserable end of small boys who died of exposure in those bad old days.

The crows involved were in fact rooks, and they had the habit of walking the field of newly emergent wheat pulling the plants out and eating the *seed. The traces they left* behind were unmistakable, just the slim shoots left in a neat row, completely untouched but of course effectively killed. By the time I started farming, the small boys were all at school, and we used all sorts of measures to keep them off.

*One was to cover the growing* crop with a network of black cotton, the theory being that the birds did not see this but would find themselves being caught up and so be frightened away. Scarecrows of various kinds were not much use. I never actually saw a bird sitting on one but I did see plenty feeding under them.

The only time they could be reduced in numbers was when the young left the nest. Parties were organised at the local rookeries, large numbers were shot and rook pie consumed. A most insipid dish.

About 25 years ago the problem suddenly stopped. There were still plenty of *rooks around but they left the* crops alone. The change occurred when we began to use seed dressings that kept the wireworms at bay, and I can only conclude that the birds did not like the taste and did not bother.

But this year they have *started again with a vengeance.* My sowing was later than usual due to the weather and to a policy of delaying emergence to dodge the onset of some disease or other. Some of the wheat and barley fields are now at the most crucial stage with the single leaf just emerging and the rooks are descending on them with enthusiasm.

The damage is quite extensive. The birds dig around the plants with their beaks and either pull out or break off the shoot.

The attack only lasts for about a week and then the plants seems to lose their attraction and the birds move on to *the next emerging field, preferably* on a neighbour's farm, having cost a good deal in cartridges, bangers and scarecrows of different sorts.

Why have the birds started to plague me again after all these years? I think the reason is the modern farming technique of *stubble hygiene. When combines* first came in in a big way after the war, they used to waste a lot of grain. This was ideal feed for all the birds and as the stubbles were ploughed late in the year they had plenty of feed to keep them going through the autumn when the new crops are most at risk.

Today the object of all husbandry is to clean the land *up as soon after harvest as* possible. The stubbles are cultivated after burning so that the seeds can germinate and then they are ploughed or cultivated out of sight. An increasing amount of grain is now being autumn-sown, so willy-nilly the rooks have been forced to return to their old habits to survive.

I could forgive the rooks their depredations to some extent if I thought they were doing me any good in other directions. For instance, they could well eat the slugs. But they do not seem to care for that. They follow the plough and pull out worms (which are beneficial creatures) leaving the slugs.

Why do we have rooks at all *these modern days?*

**John Cherrington**

# [BR]ITISH COMMODITY MARKETS

## [B]ASE METALS

[B]ASE-METAL PRICES continued to lose [groun]d on the London Metal Exchange [foll]owing renewed strength in sterling [again]st the dollar coupled with heavy [...]can selling pressure. COPPER [...]ed £866.5 before closing at [...]5—and was additionally [...]ssed by U.S. housing starts [...]s. LEAD was finally £347.5—[...]o reduced their producer price [...] cents. ZINC rallied to £453 and [...]d at £448 owing to trade and [Comm]ission House buying. [ALUM]INIUM and NICKEL closed at [...]5 and £2675 respectively, while [...]nded at £8650.5.

| [COP]PER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| [Wireb]ars | | | | |
| [Cash] | 845-.5 | —17 | 840-.5 | —15.2 |
| [3 mo]nths | 870-.5 | —16 | 866.5-7 | —15.5 |
| [Settl]em't | 845.5 | —17 | — | ...... |
| [Catho]des | | | | |
| [Cash] | 840-1 | —18.5 | 839-40 | —9.5 |
| [3 mo]nths | 864.5-5 | —17.2 | 862-.5 | —11.7 |
| [Settl]em't | 841 | —18.5 | — | ...... |
| [U.S. Pro]d | | | *80.7-88 | ...... |

[Co]pper—Amalgamated Metal Trading [repor]ted that in the morning three [mont]hs higher grade traded at £870.00, [..]0, £71.50, 72.00, 70.50. Cathodes, £841.00, three months £865.00. [Kerb]: Wirebars, three months £870.00, [..], 69.50, 70.00. Afternoon: Wirebars £842.50, three months £870.00, [..], 68.50, 68.00, 67.50, 67.00, 66.50. [Cath]odes, three months £863.00. [Kerb]: Wirebars, three months £867.00, [..], 67.00, 68.00. Turnover: 16,775 [tonn]es.

| [T]IN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| [Cash] | 8344-5 | —2 | 8340-5 | —2.5 |
| [3 mo]nths | 8650 | ...... | 8650-1 | ...... |
| [Sett]lem't | 8345 | —5 | — | ...... |
| [Stan]dard | | | | |
| [Cash] | 8344-5 | —2 | 8340-5 | —2.5 |
| [3 mo]nths | 8650 | ...... | 8650-1 | ...... |
| [Sett]lem't | 8345 | —5 | — | ...... |
| [Stra]its E. | †835.75 | +8.85 | | ...... |
| [New] York | — | ...... | | ...... |

Tin—Morning: Standard, cash £8348, 47, 45, three months £8651, 50. Kerb: Standard, three months £8650, 51. Afternoon: Standard, cash £8345, three months £8650, 51, 50, 45, 50, 51, 50. *Kerb: Standard, three months £8650.* Turnover: 3,130 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 334.25-.5 | —15.8 | 332-3 | —11.5 |
| 3 months | 350.5-.75 | —15.1 | 347.5-8 | —11.7 |
| Settlem't | 334.5 | —6 | | ...... |
| U.S. Spot | — | ...... | *36-40 | ...... |

Lead—Morning: Cash £335.00, 34.50, 35.00, 34.50, three months £351.50, 51.00, 50.50, 50.75. Kerb: Three months £350.00, 49.00, 48.00, 47.00, 49.00, 50.00. Afternoon: Three months £346.00, 45.00, 44.00, 45.00, 46.00, 47.00, 48.00. Kerb: Three months £347.00, 47.50, 47.00, 46.50, 47.60, 47.50. Turnover: 18,550 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 433-.5 | —15 | 439.5-40.5 | +5.5 |
| 3 months | 445.5-6.5 | —15.5 | 452-3 | +5.75 |
| S'ment | 443.5 | —15 | | ...... |
| Primw'ts | — | — | *45.5-50 | ...... |

Zinc—Morning: Cash £434.00, three *months £446.00, 47.00, 46.50, 47.00,* 46.00, 46.50, 46.00. Kerb: Three months £445.00, 46.00. *Afternoon:* Three months £444.00, 45.00, 46.00, 47.00, 47.50, 47.00, 49.00, 51.00, 52.00, 54.00, 53.0, 54.00, 53.50, 53.00. Kerb: Three months £452.00, 51.00, 50.00, 49.00, 48.00, 47.00, 46.00, 45.00, 45.50, 47.50, 48.00, 49.00, 48.50, 48.00. Turnover: 19,700 tonnes.

| Aluminm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 540.5-1.5 | —15 | 542-3 | —7 |
| 3 months | 579-80 | —14.7 | 586-.5 | —7.25 |

Aluminium—Morning: Three months £584.00, 84.50, 85.00, 84.50. Kerb: Three months £584.00, 84.50. Afternoon: Three months £567.00, 68.00, 69.00, 70.00, 69.50, 69.00, 68.00, 67.00, 66.00, 65.50, 66.00. Kerb: Three months £566.00, 65.00, 65.50, 66.00, 67.00. Turnover: 10,925 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 2625-30 | +2.5 | 2625-35 | +5 |
| 3 months | 2670-5 | +10 | 2675-80 | +15 |

Nickel—Morning: Cash £2,625, 30, three months £2,665, 60, 75. Kerb: Three months £2,670, 65. Afternoon: Three months £2,670, 75. Kerb: Three months £2,673, 75. Turnover: 768 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ● Higher grade.

## SILVER

Silver was fixed 5p an ounce lower for spot delivery in the London bullion market yesterday at 426.5p. U.S. cent equivalents of the fixing levels were: spot 819.6c, up 2.6c; three-month 842.8c, up 1.55c; six-month 870c, up 1.5c; and 12-month 927.3c, up 6.8c. The metal opened at 421-424p (810-815c) and closed at 425-429p (815-820c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 426.50p | —5.8 | 425.5p | —4.5 |
| 3 months | 440.80p | —5.4 | 440.75p | —3.75 |
| 6 months | 455.40p | —5.6 | — | ...... |
| 12 months | 486.30p | —2.7 | — | ...... |

LME—Turnover 58 (149) lots of 10,000 ozs. Morning: cash 426.0; three months 440.5, 41.0, 40.5. Kerb: three months 440.0. Afternoon: three months 441.00, 40.0, 40.5. Kerb: three months 440.5.

## COCOA

| COCOA | Yes'rday's Close | + or — | Business Done |
|---|---|---|---|
| Dec | 1063-64 | +2.6 | 1090-52 |
| March | 1087-88 | —1.0 | 1110-070 |
| May | 1093-94 | —4.5 | 1118-088 |
| July | 1104-05 | —4.0 | 1132-02 |
| Sept | 1114-16 | —6.5 | 1135-12 |
| Dec | 1132-42 | —4.5 | 1156-38 |
| March | 1130-55 | —18.5 | 1163-58 |

Sales: 4,255 (5,000) lots of 10 tonnes.

ICCO—Daily price for November 19: 90.67 (91.46): Indicator price for November 20: 93.66 (94.08).

## COFFEE

After an unchanged opening a steadier trend materialised with a further test of recent resistance levels, which eventually failed, under selling pressure, to establish a major breakthrough, reports Drexel Burnham Lambert.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 1144-46 | +1.5 | 1150-47 |
| Jan | 1154-55 | +1.0 | 1164-50 |
| March | 1141-42 | —4.0 | 1153-40 |
| May | 1134-39 | —9.5 | 1149-37 |
| July | 1133-38 | —8.5 | 1147-37 |
| Sept | 1134-57 | —8.0 | 1148-38 |
| Nov | 1135-37 | —8.0 | — |

Sales: 3,702 (2,755) lots of 5 tonnes.

ICO 1979 indicator prices for Nov 18: (U.S. cents per pound): Comp. daily 129.79 (126.18); 15-day average 124.58 (124.19).

## GRAINS

The market opened slightly higher on old crop and unchanged on new crop. In quiet trade both wheat and barley eased. With more business done, mainly on switches, the market continued to drift until shipper buying on the close took the market off the lows, Acli reports.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Nov 111.75, Dec 111.75, Jan 117.50 transhipment East Coast. English Feed fob Dec 111.25, Jan 111.50 East Coast. Maize: French Dec 128 East Coast. S. African White/Yellow Dec 83. Barley: English Feed fob Dec 108 East Coast Scotland, Jan-Mar 110 East Coast England/Scotland. Rest unquoted.

| WHEAT Mnth | Yesterd'ys close | + or — | BARLEY Yesterday close | + or — |
|---|---|---|---|---|
| Nov | 105.30 | —0.30 | 101.50 | —0.25 |
| Jan | 107.75 | —0.40 | 103.75 | —0.10 |
| Mar | 111.05 | —0.35 | 106.65 | —0.05 |
| May | 114.00 | —0.35 | 109.70 | —0.05 |
| July | 116.80 | —0.40 | — | — |
| Sep | 106.30 | — | 100.75 | — |

*HGCA—Locational ex-farm spot prices.* Other milling wheat: S West 106.00. Feed barley: S. East 100.00, S. West 102.20, W Mids 102.00, N. West 101.70. The UK Monetary Coefficient for the week beginning *Monday November 23 is expected to* change to 0.942.

## GAS OIL FUTURES

Trading was thin in a weaker market as developments on the physical side were awaited. Prices drifted lower on a lack of follow through reports Premier Man.

| Month | Yesterdys close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| November | 326.25 | —1.50 | 327.00-25.00 |
| December | 326.50 | —1.50 | 327.25-26.00 |
| January | 326.50 | —1.25 | 327.75-26.00 |
| February | 326.00 | —0.25 | 326.25-25.50 |
| March | 325.00 | —0.25 | 325.25-24.75 |
| April | 324.75 | —1.00 | — |
| May | 325.25 | +0.50 | — |
| June | 325.50 | —0.25 | — |
| July | 325.50 | +0.50 | — |

Turnover: 388 (535) lots of 100 tonnes.

## RUBBER

The London physical market opened slightly steadier was firm during the day on INRO buying and closed quietly steady. Lewis and Peat reported a December fob price for No 1 RSS in Kuala Lumpur of 221.0 (220.0) cents a kg and SMR 20 168.0 (167.0).

| No. 1 R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| Dec | 53.00-54.00 | 53.00-53.50 | — |
| Jan | 54.10-54.70 | 53.40-54.00 | — |
| Jan-Mar | 55.10-55.20 | 54.50-54.60 | 55.50-54.00 |
| Apl-Jne | 58.90-58.00 | 55.10-56.20 | 58.20-58.30 |
| Jly-Sept | 62.10-62.30 | 61.40-61.50 | 62.40-61.90 |
| Oct-Dec | 65.40-65.60 | 54.70-64.80 | 65.80-65.30 |
| Jan-Mar | 68.70-68.50 | 68.00-68.10 | 68.90-68.00 |
| Apl-Jne | 71.90-72.10 | 71.40-71.50 | 72.30 |

Sales: 234 (224) lots of 15 tonnes and nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 52.50p (52.00p); Dec 50.00p (49.75p); Jan 51.00p (50.75p).

## SOYABEAN MEAL

The market opened with losses of £1.00-£1.50 where commercial support was found, reports T. G. Roddick. Improved European cash prices helped the market to recover most of the losses.

| | Yesterdys close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 124.50-25.0 | —0.05 | 124.80-25.00 |
| February | 127.50-27.8 | —0.20 | 129.00-26.80 |
| April | 129.00-28.2 | —0.25 | — |
| June | 130.00-30.5 | — | — |
| August | 134.00-34.5 | —1.00 | 134.00 |
| October | 135.00-37.0 | —0.50 | — |
| Dec | 135.00-40.0 | —1.00 | — |

Sales: 100 (29) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar £148.00 (£150.00) a tonne cif Nov-Dec-Jan shipment. White sugar daily price £162.00 (£164.00).

After opening unchanged prices improved following a "buy" recommendation by a large U.S. commission house. Final prices were around the high points reports C. Czarnikow.

| No. 4 Contract | Yest'rday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Jan | 156.50-57.50 | 154.50-54.75 | 157.00-53.75 |
| March | 160.35-60.45 | 157.80-57.90 | 160.50-58.75 |
| May | 163.00-63.15 | 161.05-61.10 | 165.10-59.50 |
| Aug | 167.00-67.20 | 165.00-65.25 | 167.00-64.00 |
| Oct | 172.00-72.25 | 170.00-70.15 | 172.00-68.25 |
| Jan | 173.00-73.50 | 171.25-72.00 | 171.00 |
| March | 176.00-80.00 | 176.25-78.00 | — |

Sales: 4,128 (7,774) lots of 50 tonnes. *Tate and Lyle delivery price for* granulated basis white sugar was £575.00 (same) a tonne fob for home trade and £256.5 (£259.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed *Caribbean ports. Prices for November* 18: Daily price 11.53 (11.52): 15-day average 11.86 (11.85).

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 175 tonnes. Moderate purchasing was reported although the steady downward trend of prices acted as a brake on the turnover. Attention was mainly centred on South American and African qualities.

## POTATOES

LONDON POTATO FUTURES—There were further falls on all positions, testing support levels. Interest was greater than recently, with prices recovering some of the days losses, reports Coley and Harper. Closing prices: Feb 85.40, —0.30, (high 85.40, low 84.50); April 96.10, —0.70, (high 96.50, low 95.50); Nov 66.50, unchanged, (high 66.50, low 66.20). Turnover: 259 (182) lots of 40 tonnes.

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 494.0, 496.0, 495.0-494.0; Mar 501.0, 503.0, 502.5-501.0; May 514.0, 514.5, 515.0-513.5; July 521.0, 523.0, 522.1-522.0; Oct 519.0, 520.0, untraded; Dec 526.0, 527.0, 526.0; Mar 532.0, 535.0, untraded; May 538.5, 548.0, untraded. Sales: 87.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 374, 380, 374; Jan 376, 379, 377-375; Mar 384, 387, 385-383; May 390, 394, 392-391; Aug 407, 409, 407; Oct 411, 414, 411; Dec 416, 422, 418; Jan 420, 424, 422-420; Mar 428, 430, 428-427; May 433, 439, nil. Sales: 93.

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 79.0 to 81.7; Eire hindquarters 91.0 to 93.0, forequarters 60.0 to 62.5. Veal: Dutch hinds and ends 120.0 to 130.0. Lamb: English small 70.0 to 75.0, medium 68.0 to 74.0. Imported Frozen: New Zealand PL 61.0 to 63.0, YLs 59.0 to 59.0. Pork: English, under 100 lb 45.0 to 58.0, 100-120 lb 47.0 to 55.0, 120-160 lb 47.0 to 53.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.09p per kg lw (+0.81). UK—Sheep 165.13p per kg est dcw (+1.31). GB—Pigs 82.48p per kg lw (+1.03).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 4.40, 56 4.40, 72 4.40, 88 3.60, 112 3.20, 138 3.25, 150 3.25; Spanish: Navelinas 42/150 4.00-4.50. Clementines—Spanish: 8.00. Satsumas—Spanish: 2.80-3.50. Lemons—Outspan: 88/162 3.60-4.50; Cypriot: 4.00-4.50; Italian: 60/150 5.00-5.50; Spanish: 40/50 2.40-2.50. Grapefruit—U.S.: Ruby 32/48 7.40-8.50; Cyprus: Cuban; Outspan: 32/48 2.00-3.20; Cypriot: Large cartons 4.00-4.30, small cartons 3.50-3.80; Honduras: 4.70-5.00; Jaffa: 3.50-4.00, pink 5.00-6.00. Apples—French: New crop, Golden Delicious 20-lb 3.50-3.80, 40-lb 6.00-7.00, Stark Crimson 40-lb 7.00-8.00, 20-lb 3.40-4.00, Granny Smith 7.50-8.00; U.S.: Red Delicious 8.00-15.00; Hungarian: Starking 7.40-7.50; Dutch: Golden Delicious 26-lb 4.50, Cox's 26-lb 4.80. Pears—Dutch: Comice 14-lb 3.80-4.00, Conference, per pound 0.14-0.18. Plums—U.S.: Per pound 0.50. Grapes—Spanish: Almeria 11-lb 2.20-2.60, Negra 3.00-3.20. Strawberries—New Zealand: 8-oz 1.30-1.30, 12-oz 1.30-1.50; Spanish: 8-oz 0.60. Melons—Spanish: 10-kg, green 2.80-3.50. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 6.50, small box 3.00-4.00; Israeli: 4.50-5.00. Canary: 3.50-4.00. Pomegranates—Spanish: 24/80's 3.60-4.20. Dates—Tunisian: 30's 2.00-2.50. Figs—Turkish: 48 x 8-oz 0.19-0.20. Lychees—Dutch: 3.80; Spanish: 3.00-3.30. Canary: 3.00-3.40. Onions—Spanish: Grano 3/5's 3.20-3.80. Capsicums—Dutch: 5-kg, red 5.00, green 5.00, yellow 6.00-6.50. Aubergines—Dutch: 5-kg 6.00. Cypriot: 4.50. Israeli: 4.50. Cabbages—Dutch: White 2.80, red 2.00. Chillies—Dutch: 3-kg 3.50. Carrots—Dutch: 20-lb 2.00, prepack 2.60. Lettuce—Dutch: 24's 2.50. Cucumbers—Dutch: 2.40. Celery—Spanish: 2.40. Chicory—Belgian: 3-kg 3.00-3.30. Endive—French: 4.50-5.00. Fennel—French: 9-lb 3.50-4.00; Italian: 25-lb 4.00-4.50. Garlic—Spanish: 10-kg 4.00-4.50. English Produce: Potatoes—Per 55-lb, White 2.20-2.50, red 2.50-2.80, King Edward's 2.80-3.10, Jacket 3.50-4.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley 0.18-0.25, Cox's 0.20-0.28, Laxton's 0.14-0.20, Russets 0.15-0.25. Pears—Per pound, Conference 0.14-0.19, Comice 0.18-0.25. Cauliflowers—Per 12, Kent 3.50-4.50, Lincoln 2.40-3.00. Cabbages—Per 30-lb bag, Primo 1.00-1.20, January King 1.80-2.00. Sprouts—Per 20-lb 1.60-2.00. Swedes—Per 28-lb, 1.00-1.20. Radishes—Per tray 0.60, 1.60-2.00. Onions—Per bag, 40's 1.50. Lettuce—Per tray 1.20-2.00. Celery—Per 12, 2.00-2.20. Coriander—Per 20 bunches, spring 2.00, 55-lb 40/60 4.00, mm 2.00-2.60. Carrots—Per 26/28-lb 0.70-1.00. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Fennel—Per 10-lb 1.30-1.50. Parsnips—Per 28-lb 1.20-1.50. Swedes—Per 28-lb 0.70-1.10. Leeks—Per 10-lb 1.20-1.60.

HIDES—Manchester: not much change was seen. Second clears Ox: 31-35.5kg, 64.1p a kg (64.0p a kg); 26-30.5kg, 78.1p a kg (78.0p a kg); 22-25.5 kg, 78.1p a kg (77.8p a kg). Light cows: 25.5 kg, 78.3p a kg (78.5p a kg).

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£7.60, codlings £3.30-£5.00; Large haddock £4.40, medium £3.70-£4.20, small £3.00-£3.20; Large plaice £5.00-£6.30, medium £5.00-£6.00, best small £4.50-£5.50; Skinned dogfish (medium) £6.00; Lemon soles (large) £12.50, (medium) £10.50; Rockfish £2.60-£3.50; Reds £2.20-£2.60; Saithe £2.20-£3.50.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Nov. 19 1981 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1035/1065 | —10 | $1150/160 |
| Copper | | | |
| Cash w'bar | £840.25 | —15.25 | £914.5 |
| 3 mths | £866.75 | —15.5 | £944.25 |
| Cash Cathode | £839.5 | —9.5 | £910 |
| 3 mths | £862.25 | —11.75 | £936.5 |
| Gold troy oz | $398.5 | —4 | $432 |
| Lead Cash | £332.5 | —11.5 | £388.75 |
| 3 mths | £347.75 | —11.75 | £382.5 |
| Nickel | £4187.2 | ...... | £4,219.60 |
| Free mkt | 225/275c | ...... | 250/300c |
| Platin'm'tr'y oz | £260 | | £260 |
| Freemkt | | +0.8 | £230.15 |
| Quicksilver† | $420/430 | +4.5 | $420/425 |
| Silver troy oz | 426.80p | —5.0 | 500.00p |
| 3 mths | 440.80p | —5.4 | 518.35p |
| Tin Cash | £8,342.5 | —2.5 | £8165 |
| 3 mths | £8,650.5 | ...... | £8562.5 |
| Tungsten 22.0 lb | $138.06 | ...... | $142.62 |
| Wolfrm 22.04lbs | $150/135 | ...... | $136/141 |
| Zinc Cash | £440 | +5.5 | £502.5 |
| 3 mths | £452.5 | +8.75 | £515.25 |
| Producers | $1000 | ...... | $1000 |
| **Oils** | | | |
| Coconut (Phil) | $577.5v | —7.5 | $590 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £425 | ...... | £425 |
| Palm Malayan | $500z | —5 | $515 |
| **Seeds** | | | |
| Copra Philip | $356 | ...... | $360 |
| Soyabean (U.S.) | $256 | —1 | $262.5 |
| **Grains** | | | |
| Barley Fut. Jan | £103.75 | —0.1 | £103.85 |
| Maize | £128.00 | ...... | £127.50 |
| Wheat Fut. Jan | £107.75 | —0.4 | £108.20 |
| No2 HardWint | ‡ | | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1,139 | +2 | £1,257 |
| Future Mar. | £1087.5 | +1 | £1,182.5 |
| Coffee Fr' Jan. | £1154.5 | +4 | £1114.5 |
| Cotton A.Index | 71.35c | —0.65 | 74.15c |
| Gas Oil Nov. | $326.5 | —1.5 | $319.25 |
| Rubber (kilo) | 52.5p | +0.5 | 54.5p |
| Sugar (Raw) | £148vx | —2 | £157 |
| Woolt'ps 64s kl. | 376p kilo | —1 | 390p kilo |

‡ Unquoted. w Dec-Jan. x Jan. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

## AMERICAN MARKETS

NEW YORK, November 19.

Gold uncovered light short covering on foreign buying and rallied on the close. Silver was under pressure due *to poor demand and lack of any* auction sales. Copper was sharply lower on a build-up in Comex stocks. Cocoa was inactive in a market which is sceptical about additional financing *becoming available for the buffer stock fund. Heating oil advanced in response* to a higher cash market. Wheat was lower on liquidation by longs ahead of heavy expected deliveries in December, reported Heinold.

††Cocoa—Dec 1805 (1880). March *1877 (1961). May 1930. July 1977. Sept* 2008, Dec 2038, March 2068.

Coffee—"C" Contract: Dec 147.02-147.50 (145.72), March 142.75-143.00 (141.92), May 136.50-137.00, July 134.20, Sept 132.50, Dec 129.90-130.00, *March 129.99-130.00.* Sales: 2,462.

Copper—Nov 71.80 (73.40), Dec 71.20-72.00 (72.60), Jan 72.75, March 74.40-74.50, May 76.00, July 77.56, Sept 79.20, Dec 81.80, Jan 82.50, March 84.15, May 85.80, July 87.45, Sept 89.10.

Cotton—No. 2: Dec 62.52 (62.18), March 65.36-65.45 (65.02), May 66.90-67.00, July 68.45, Oct 70.30-70.50, Dec 71.40, March 72.50-72.75, May 72.26-73.70. Sales: 7,100.

Heating oil (dollars per U.S. gallon)—Dec 1.0091, Jan 1.0132, Feb 1.0239, *March 1.0164, April 1.0080, May 1.0030,* June 1.0025, July 1.0075, Aug 1.0175, Sept 1.0275, Oct 1.0375. Turnover: 4426.

Orange Juice—Jan 123.25 (122.80), March 124.60 (125.30), May 126.50, July 128.10-128.70, Sept 129.80-129.85, Nov 130.90-131.10. Sales: 450.

Potatoes (round whites)—Feb 70.7-71.7 (70.7), March 76.1 (76.0), April 84.5-84.6, Nov 76.0-86.5. Sales: 153.

¶Silver—Nov 814.0 (823.5), Dec 815.0-818.0 (826.0), Jan 824.2, March 840.0-843.0, May 859.0-860.0, July 877.0-880.0, Sept 890.1, Dec 924.6, Jan 923.9, March 952.4, May 970.9, July 989.4, Sept 1007.9. Handy and Harman 808.00 (815.00).

Sugar—No. 11: Jan 11.70 (11.48), March 12.06-12.09 (11.77), May 12.33-12.34, July 12.55-12.59, Sept 12.85-12.87, Oct 13.03-13.07, Jan 13.14, March 13.73-13.75.

Tin—722.00-729.00 (712.00-725.00).

*CHICAGO, November 19*

Chicago Imm Gold—Dec 397.5-398.5 (406.2), March 407.5-410.0 (416.4), June 423.5, Sept 433.9, Dec 453.0, March 459.9, June 473.2, Sept 486.7.

Lard—Chicago loose 21.25 (same).

*Live Cattle—Dec 63.10-63.20 (63.67).* Feb 62.65-62.75 (63.07), April 62.60-62.75, June 63.10-63.20, Aug 63.40-63.50, Oct 62.00, Dec 63.10.

Live Hogs—Dec 46.55-46.70 (46.60), Feb 47.75-47.85 (47.90), April 45.60-*45.55, June 48.15-48.00, July 49.15, Aug* 47.80, Oct 46.40, Dec 47.52, Feb 48.50.

‡‡Maize—Dec 275-274½ (273¾), March 292-293¼ (291½), May 304½-305, July 312½-313, Sept 318, Dec 323-323½.

Pork Bellies—Feb 66.00-65.70 (66.22), *March 65.70-65.80 (66.12), May 66.42-*66.90, July 67.80, Aug 66.95.

†Soyabeans—Jan 648-649 (642½), March 660-663½ (660½), May 682½-682½, July 686-686½, Aug 699, Sept 700, Nov 706-700½, Jan 723½, March 741½.

‖Soyabean Meal—Dec 186.5-186.0 (184.1), Jan 188.5-188.7 (187.3), March 192.2-193.0, May 197.0-197.5, July 201.0, Aug 200.5, Sept 201.5, Oct 202.0-203.0, Dec 207.5.

*Soyabean Oil—Dec 20.46-20.48* (20.22), Jan 20.82 (20.57), March 21.35-21.37, May 21.75, July 22.15-22.20, Aug 22.25-22.30, Sept 22.35-22.40, Oct 22.45-22.50, Dec 22.75.

†Wheat—Dec 421½-420½ (423½), March 447-440½ (449), May 459½-459¼, July 453½-453, Dec 476.

WINNIPEG, November 10.

§Barley—Dec 118.00 (119.20), March 124.50 (125.30), May 127.80, July 129.00, Oct 133.10.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 245.79 (242.49).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

## EUROPEAN MARKETS

ROTTERDAM, Nov 19.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent *Dec 20 Jan 10 212, Jan 20-Feb 10* 216, Feb 20/Mar 10 219. U.S. No Two Red Winter Dec 185, Jan 188, Feb 191. *US No Three Amber Durum* Dec 195, April/May 206, May/June 206. U.S. No Two Northern Spring 14 per cent Dec 195.50, Jan 206.50, Feb 208.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat 122, Nov 125, Dec 125.50, Jan 130.50, Feb 134.50, Mar 130.50, Jan/Mar 123.75, April/June 139.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfport Nov 250, Dec 255, Jan 259.50, Feb 264, Mar 267.50, April 270.50, May 274, June 275.75, July 278, Aug 280, Sept 282, Oct 282, Nov 282, Dec 288 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 225, *Dec 227, Jan 230, traded afloat 225,* Nov 227, Dec 27.50, Jan 230.75, Jan/Mar 227, April/Sept 247 sellers. Brazil Pellets afloat 243/44, Dec 248, Jan 253, Jan-Mar 254, April/Sept 253 sellers.

PARIS, Nov 19.

Cocoa—(FFr per 100 kilos): Dec 1170-1172, Mar 1168-1169, May 1165 bid, July 1170 bid, Sept 1185 bid, Dec 1195 bid, Mar 1225 bid. Sales: 2 lots.

Sugar—(FFr per tonne): Mar 1785/1800, May 1840/1847, July 1850/1870, Aug 1880/1890, Oct 1930/1955, Nov 1960/1975, Dec 1955/1980, Mar 1976/2057. Sales at call, 4.

## INDICES

### FINANCIAL TIMES

| Nov. 19 | Nov. 17 | M'nth ago | Year ago |
|---|---|---|---|
| 249.09 | 249.91 | 257.66 | 271.26 |

(Base: July 1, 1952=100)

### MOODY'S

| Nov. 18 | Nov. 17 | Month ago | Year ago |
|---|---|---|---|
| 983.7 | 984.5 | 996.6 | 1306.9 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Nov. 18 | Nov. 17 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 354.91 | 355.20 | 353.75 | 466.04 |
| Fut's | 370.17 | 372.12 | 370.20 | 495.04 |

(Average 1924-25-26=100)

### REUTERS

| Nov. 19 | Nov. 18 | M'nth ago | Year ago |
|---|---|---|---|
| 1608.1 | 1614.5 | 1654.6 | 1756.7 |

(Base: September 18, 1931=100)

# LONDON STOCK EXCHANGE

# Scent of cheaper money brings strength to Gilts
# Leading shares follow and index rises 8.2 to 511.7

**Account Dealing Dates**

Option

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov 9 | Nov 19 | Nov 20 | Nov 30 |
| Nov 23 | Dec 3 | Dec 4 | Dec 14 |
| Dec 7 | Dec 17 | Dec 22 | Jan 4 |

* "New time" dealings may take place from 9 am two business days earlier.

The scent of cheaper money gave London stock markets fresh impetus yesterday after Wednesday's lack-lustre performance. American investors committed sizeable funds to Government securities following Wednesday's resumed fall in U.S. credit markets and, on revived hopes of an early cut in UK base rates, domestic operators also showed renewed interest.

Reports that applications for the new short tap stock, Exchequer 14 per cent 1986, had exceeded expectations generated further optimism; dealings in the £40-paid issue begin this morning. Longer-dated Gilt-edged, however, were the main beneficiaries of the demand and advanced 1¼ points in a market again showing signs of stock shortage before easing from the day's best. This followed disappointment with the October banking month's increase in sterling M3.

After-hours' business was subdued, but medium/longs retained gains extending to 1¼ points. The shorts rose ⅛ despite the presence of the new £1bn tap stock, about which it was being suggested late that the whole issue would soon run out if yesterday's level of demand was maintained. Measuring the market's strength, the FT Government Securities index rose 0.65 more to 64.62.

Leading shares were none too certain at the start in view of Wall Street's overnight reaction. But good third-quarter results from Royal Dutch/Shell imparted firmness to Oils and other equity sectors responded readily, especially after the firmer opening in Gilts. Bear-closing was a major factor in the equity movement, although some genuine investment business was reported.

Only 1.3 up at the first calculation, the FT Industrial Ordinary share index showed a rise of 5.3 at 11 am and one of 8.2, the best of the day, at the close of 511.7. Only two of the thirty constituents recorded losses, Boots easing 3 to 200p after interim profits a little short of expectations and Glaxo slipping 4 to 430p in sympathy.

Interest in Traded options declined slightly and 1,274 deals were completed, comprising 908 calls and 366 puts. A particularly good call turnover developed in GEC which recorded 360 trades, with the January 750's accounting for 344 of these; trading in GEC put options is due to start next Monday. Shell Transport were relatively active following the third-quarter figures and were dealt 68 times for the call and 56 times for the put. Racal continued to attract sizeable money for the put with 113 deals arranged.

## Royal of Scotland up

Following Wednesday's hectic debut, Exco attracted a brisk two-way business and touched 180p before closing a net penny dearer at 178p, compared with the offer-for-sale price of 140p.

Following the Lord Privy Seal's indication that the Government might be sympathetic to the £500m bid for Royal Bank of Scotland by Hongkong and Shanghai Banking, the former jumped 19 to 177p in active trading; HK and Shanghai slipped to 135p before reverting to the overnight 137p. Standard and Chartered, original bidder for Royal Bank prior to both bids being referred to the Monopolies Commission, gained 8 to 638p. The major clearing banks closed below the best following a reasonable trade. Midland fared best, closing 6 dearer at 316p, after 318p, while more modest gains were registered in Barclays, 436p, Lloyds, 418p, and NatWest, 398p.

Insurances had little to offer. General Accident shed 6 to 342p despite a broker's favourable circular, but Eagle Star hardened 3 to 317p.

Revived optimism about the defensive qualities of most companies in the sector prompted steady support of Breweries which usually ended around the day's best. Whitbread rose 6 to 148p, while Grand Metropolitan added 4 to 172p. Bass, preliminary results expected early next month, added 5 to 302p. Allied-Lyons firmed a couple of pence to 69½p, while Scottish and Newcastle, additionally buoyed by call option business, hardened a similar amount to 52p. Regionals traded quietly and hovered close to the overnight positions with the exception of Youngs, which continued to draw strength from the excellent first-half results and picked up 3 more to 235p.

Leading Buildings had a firm appearance. Demand in front of next Tuesday's interim results lifted BPB Industries 10 to 276p. Redland, at 152p, regained 4 of the previous day's fall of 8 that stemmed from the Monopoly Commission's report on the supply of concrete roofing tiles: the half-yearly results are due next Thursday. Blue Circle improved 4 to 470p and Tarmac a couple of pence to 358p, while fresh optimism about interest rates encouraged support for Barratt Developments, which gained 8 to 230p. Secondary issues featured M. J. Gleeson which rose 11 to 88p in response to the increased annual profits and dividend and Tunnel B added 8 to 448p on revived speculative interest.

ICI hardened 4 to 278p; the company announced that its fibres division is to raise prices by between 10 and 18 per cent from January 1 next.

## Stores subdued

Leading Stores finished an exceptionally subdued session with modest gains. British Home, helped by call option activity, added a couple of pence to 132p, while UDS gained the turn to 68p. Comment on the mid-term results lifted W. H. Smith 4 to 165p. Secondary counters were irregular. Renewed takeover speculation left J. Hepworth 2 dearer at 91p, but Tern-Consulate gave up that amount to 36p.

Electricals took a turn for the better. GEC, 740p, and Plessey, 337p, improving 12 apiece. Racal gained 7 to 402p and Thorn 5 to 432p. Elsewhere, Ferranti rose 15 to 550p in belated response to the joint telecommunications venture with General Telephone and Electronics of the U.S. Other useful gains included Unitech, 10 higher at 195p, and Kode, 5 dearer at 235p.

Selective demand was evident in the Engineering sector which passed a relatively lively trading session following recent inactivity. Guest Keen came to the fore in the leaders with a rise of 10 to 163p, while Tubes edged up 4 to 100p and Hawker a similar amount to 318p: the last-named yesterday announced a £6.8m Yemen contract. Among the bright spots in secondary issues, Vosper firmed 10 to 120p and United Engineering a like amount to 185p, while 600 Group, interim results due shortly, improved 3½ to 69p. Haden gained 5 to 225p and IMI continued to edge higher at 54p, up 1½p. Porter Chadburn, in contrast, weakened 6 to 33p on the half-year loss and omission of the interim dividend, while B. Elliott, 107p, and Renold, 38p, both closed a few pence easier, also following trading statements.

Notable movements in Foods were few, but Fitch Lovell, after touching 72p, closed a net 3 dearer at 77p on late interest. Single finished a fraction firmer at 27½p, after 28p, following the interim results.

## T. W. Ward feature

Boots improved to 208p in response to the interim results before drifting back to close 3 cheaper on the day at 200p. Elsewhere in the miscellaneous industrial leaders, Metal Box found support ahead of next Monday's half-yearly statement and closed 10 higher at 156p, after 158p. Bowater firmed 5 to 205p and Beecham edged up 2 to 228p. TW Ward, an old bid favourite, featured secondary issues with a jump of 17 to 144p on a revival of speculative demand. CSR, in contrast, weakened 22 to 210p on the proposed rights issue. Lower interim profits left Powell Duffryn 5 cheaper at 235p, but British Aerospace encountered buyers and put on 9 to 192p, while fresh support was also forthcoming for Amber Industrial, up 3 further to 42p. Wood Hall Trust also closed 5 dearer, at 157p, while similar improvements were recorded in GR Holdings, 197p, and Bank Organisation, 143p. Already easier at 278p, Lep Group held at that level following the half-yearly results. Staffordshire Potteries hardened a penny to 33p: the price in yesterday's issue was incorrect.

Motor Components featured two contrasting movements. Lucas attracted renewed institutional support and advanced 11 to 209p, but Flight Refuelling remained depressed by the disappointing half-timer and fell 25 for a two-day drop of 39 at 275p. Among Distributors, Godfrey Davis added a penny to 65p following the increased interim earnings and dividend forecast, while Suter Electrical's increased stake lifted Appleyard 3 to 72p.

Dealings in Pyramid (Publishers), suspended four weeks ago at 50p, were resumed at 58p, or a couple of pence below the agreed cash offer from private concern Starwest.

Properties went better as interest rate optimism revived, Land Securities firming 5 to 323p and MEPC 6 to 224p. Samuel attracted support and added 4 to 107p, as did Great Portland Estates, to 200p. Interim profits in line with market estimates left Church-bury Estates 5 dearer at 650p. Trust Securities put on 20 for a two-day gain of 35 on speculative interest, but City Offices, at 123p, shed 4 of Tuesday's bid-inspired gain of 21 on profit-taking: bidders Greycoat Estates lost 5 more to 160p.

## Shell please

Better-than-expected third-quarter figures from Shell, up 16 at the day's best of 376p, prompted a useful revival in the Oil sector. BP gained 4 to 308p, while Lasmo improved 7 to 465p and Tricentrol 6 to 248p. Sovereign advanced 30 to 365p: the latest drilling report on the North Sea Brae Field came well after market hours. Berkeley Exploration were also noteworthy, for a rise of 8 to 355p.

Textiles continued to trade without distinction, but Bulmer and Lumb firmed a few pence to 37p in response to the interim results.

Tobaccos remained irregular. Bats earned 5 more to 340p, but Imps added 2 to 62p, while Rothmans continued to respond to bid speculation and added 2½ for a two-day gain of 5 at 76p.

## Late buying of RTZ

A generally quiet day in mining markets was enlivened by good demand for Rio Tinto-Zinc in the afternoon; the shares moved up strongly to close 10 firmer at 460p as the latest take-over struggle in the U.S. oil industry encouraged vague bid hopes.

Other London Financials, however, moved narrowly, Charter edging up 3 to 220p and Gold Fields a like amount to 472p.

South African Golds mirrored the fluctuations in the bullion price which hovered around the $400 an ounce level prior to closing a net $4 down at $398.5.

Share prices opened on an easier note, rallied as the metal price edged above $400 but subsequently lost ground in the after-hours' trade. The Gold Mines index eased 0.7 to 300.7.

In the heavyweights, recently-depressed Hartebeest stood out with an improvement of ¾ to £24½ but otherwise gains were generally restricted to ¼. On the other hand, losses of ½ were sustained by Buffels, £17¾, and Southvaal, £14½.

South African Financials showed minor changes either way. Anglo American Corporation dipped 10 to 650p, UC Investments a similar amount to 630p and De Beers 4 to 355p, while Rand London Coal gave up 3 to a 1981 low of 140p.

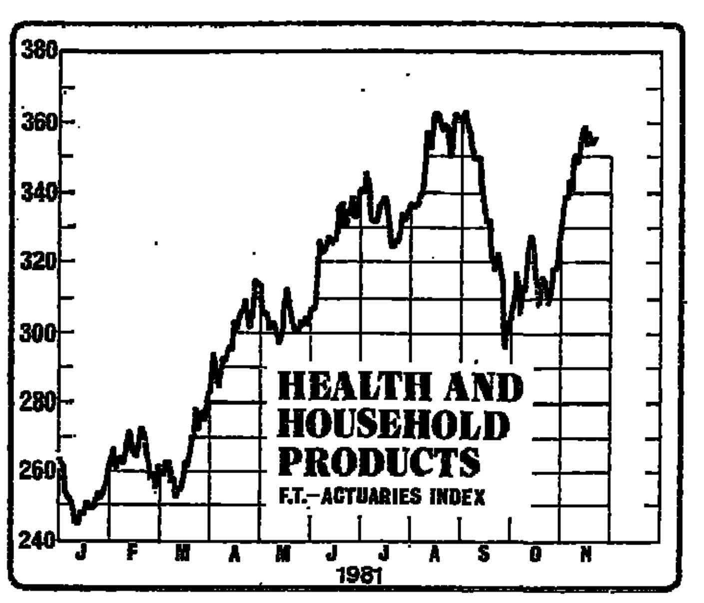
In Platinums, Rustenburg rose 3 to 225p ahead of the chairman's statement and the annual report but Impala fell 5 to 355p on consideration of the production cutback.

Concern over the continued weakness of precious and base-metal prices unsettled overnight Sydney and Melbourne markets. Australians consequently opened lower in London and continued to drift on lack of interest rather than on any weight of selling. Gold Mines of Kalgoorlie dropped 20 to 350p, while falls of between 4 and 8 were common to CRA, 164p, MIM Holdings, 182p, and Pancontinental, 146p.

The proposed rights issue continued to depress Ashton Mining, which gave up 5 for a two-day fall of 11 to 78p.

## SHARE STAKES

Ambrose Investment Trust—Scottish American Investment Company has bought 35,000 capital shares, increasing holding to 235,000 shares (6.52 per cent).




## FINANCIAL TIMES STOCK INDICES

| | Nov. 19 | Nov. 18 | Nov. 17 | Nov. 16 | Nov. 13 | Nov. 12 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 64.62 | 63.97 | 63.96 | 64.30 | 63.58 | 63.23 | 71.53 |
| Fixed Interest | 64.49 | 64.16 | 64.22 | 64.29 | 65.61 | 63.20 | 72.42 |
| Industrial Ord | 511.7 | 503.5 | 508.3 | 503.7 | 519.2 | 518.2 | 503.2 |
| Gold Mines | 300.7 | 301.4 | 299.3 | 307.7 | 326.0 | 327.4 | 474.3 |
| Ord. Div. Yield | 5.86 | 5.95 | 5.88 | 5.93 | 5.75 | 5.74 | 7.20 |
| Earnings, Yld. % (full) | 9.81 | 9.93 | 9.85 | 9.92 | 9.61 | 9.60 | 15.99 |
| P/E Ratio (net) (*) | 12.23 | 13.08 | 13.22 | 13.10 | 13.52 | 13.54 | 7.56 |
| Total bargains | 18,874 | 17,835 | 17,511 | 19,265 | 16,817 | 21,084 | 24,502 |
| Equity turnover £m | — | 102.55 | 92.31 | 107.01 | 120.37 | 136.96 | 155.95 |
| Equity bargains | — | 14,168 | 13,949 | 13,937 | 15,309 | 14,259 | 21,257 |

10 am 504.8. 11 am 508.8. Noon 510.4. 1 pm 510.7. 2 pm 510.7. 3 pm 511.1.

Latest Index 01-246 8026.

*Nil=11.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

## HIGHS AND LOWS / S.E. ACTIVITY

| | 1981 High | 1981 Low | Since Compilat'n High | Since Compilat'n Low | | Nov. 18 | Nov. 17 |
|---|---|---|---|---|---|---|---|
| Govt. Secs. | 70.61 (20/3) | 60.17 (26/10) | 127.4 (9/1/35) | 49.18 (3/1/75) | —Daily Gilt Edged Bargains | 181.1 | 197.0 |
| Fixed Int. | 72.01 (20/3) | 61.61 (26/10) | 150.4 (28/11/47) | 50.53 (3/1/75) | Equities, Bargains | 91.8 | 80.0 |
| | | | | | Value | 207.3 | 186.6 |
| Ind. Ord. | 597.3 (30/4) | 446.0 (14/1) | 597.3 (30/4/81) | 49.4 (26/6/40) | 5-day Avrge. Gilt-Edged Bargains | 198.8 | 197.8 |
| Gold Mines | 429.0 (14/9) | 263.6 (29/6) | 558.9 (22/9/80) | 43.5 (28/10/71) | Equities Bargains | 86.8 | 84.7 |
| | | | | | Value | 226.0 | 226.3 |

# RECENT ISSUES

## EQUITIES

| Issue price p | Amount paid up | Latest Renunc. Date | 1981 High | 1981 Low | Stock | Closing price p | + or − | Div. |
|---|---|---|---|---|---|---|---|---|
| §70 | F.P. | 30/11 | 73 | 68 | ✠Acals Jewellery | 68 | −2 | b3.2 |
| — | F.P. | 4/12 | 850 | 775 | ✠Asprey | 775 | — | 33.0 |
| 168 | F.P. | 8/1 | 205 | 191 | Cable & Wireless 50p | 195 | +1 | b6.3 |
| §35 | F.P. | — | 35 | 33 | ✠City Site | 34 | +1 | b0.5 |
| 140 | F.P. | — | 187 | 174 | Exco 10p | 178 | +1 | b4.5 |
| §90 | F.P. | 4/12 | 105 | 95 | ✠Feedback 10p | 95 | — | b3.0 |
| §50 | F.P. | 9/12 | 50 | 42 | ✠Gr'nw'nCable&Cm. | 42 | −1 | — |
| §10½ | F.P. | 2/12 | 17 | 14 | ✠Humberside El. 10p | 17 | +1 | — |
| 63 | F.P. | 2/12 | 76 | 69 | ✠JohnstonesP'int 10p | 75 | — | [illegible] |
| §67 | F.P. | 18/12 | 69 | 68 | ✠Sheldon Jones | 68 | — | [illegible] |
| † | F.P. | — | 33 | 32 | ✠Television South 10p | 32 | −1 | — |
| §62 | F.P. | 4/12 | 64 | 60 | ✠V.W. | 61 | — | [illegible] |
| — | F.P. | — | 4½ | 4½ | Viners 1p | 4½ | — | — |

## FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1981 High | 1981 Low | Stock | Closing |
|---|---|---|---|---|---|---|
| ‡ | F.P. | 26/10 | 85¼p | 81p | Asprey 9½% Cum. Prf. | [illegible] |
| ¶¶ | F.P. | 7/12 | 100¼ | 97 | Austin (F.) Leyton 11½% PtlyCnv.Red 1996 | [illegible] |
| 100 | £10 | 10/12 | 64 | 62 | Brooke Bond Leibig 8½% Deb. '87/92 | [illegible] |
| ** | F.P. | — | 38p | 38p | Cater Ryder 4.9 2nd. Cum. Prf. | [illegible] |
| §33p | F.P. | — | 33p | 32p | City Site Ests. 10% Cnv. Cum. Red. Prf. | [illegible] |
| ** | F.P. | 10/12 | 12¼ | 12 | E. Worcs Waterworks 10½% Rd. Prf. '86 | [illegible] |
| §100 | F.P. | — | 99¼ | 92 | Hawley Group 12½% Cum. Pref. | [illegible] |
| 51p | F.P. | — | 55p | 52p | Inchcape 5½% Cum. Red. Prf. 1990/5 | [illegible] |
| §100 | F.P. | — | 101 | 92 | Nat'wide Bdg. Society 16½% Bds(27/12/82) | 10[illegible] |
| §100 | F.P. | — | 100½ | 100 | Do. 15½% Bds(24/11/82) | 10[illegible] |
| 97.29 | £25 | — | 28¼ | 22¼ | Nova Scotia (Province of) 6½% Ln 201[illegible] | [illegible] |
| ‖£1 | F.P. | 13/11 | 102¼ | 100¼ | Staffs. Pots. 10% Cnv. Cum. Prf. | 10[illegible] |
| — | — | — | 3¼p | ½p | Sterling Credit Warrants | [illegible] |
| † | F.P. | — | 88 | 86 | ✠Television South Loan '86-88 | 8[illegible] |
| 100 | £10 | 10/12 | 12¼ | 12 | Tendring H'dred Water 10½% Rd.Prf.'86 | 1[illegible] |
| — | F.P. | — | 135 | 125 | Viners 10% Cnv. Loan 1986 | 13[illegible] |

## "RIGHTS" OFFERS

| Issue price p | Am'unt paid up | Latest Renunc. date ● | ■ | 1981 High | 1981 Low | Stock | Closing price p |
|---|---|---|---|---|---|---|---|
| 275 | 125p | 13/7 | 2/12 | 182 | 104 | BP | 16[illegible] |
| 20 | F.P. | 15/11 | 11/12 | 25 | 20½ | Brown & Jackson | 2[illegible] |
| 182 | F.P. | 23/10 | 27/11 | 195 | 188 | Foseco Minsep | 19[illegible] |
| 90 | F.P. | 21/10 | 26/11 | 109 | 90½ | Heelamat | 10[illegible] |
| 14 | Nil | 27/11 | 6/1 | 6pm | 4pm | Lancaster (D.M.) | 5[illegible] |
| 126 | Nil | 2/12 | 15/1 | 17pm | 9pm | Northern Foods | 9[illegible] |
| 50cts | Nil | — | — | 117pm | 108pm | T N T | 109 |
| 20 | F.P. | 13/11 | 16/12 | 42 | 33 | Websters | 4[illegible] |

Renunciation date usually last day for dealing free of stamp duty. based on prospectus estimate. d Dividend rate paid or payable on capital; cover based on dividend on full capital. g Assumed dividend a[illegible] h Assumed dividend and yield after scrip issue. m Interim since incr[illegible] resumed. u Forecast dividend: cover based on previous year's [illegible] F Dividend and yield based on prospectus or other official estimate [illegible] Q Gross. T Figures assumed. ‡ Cover allows for conversion of sh[illegible] now ranking for dividend or ranking only for restricted dividends. [illegible] price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ O[illegible] holders of ordinary shares as a "rights." ** Issued by way of capit[illegible] §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger [illegible] over. ‖‖ Introduction. □ Issued to former preference holders. ■ [illegible] letters (or fully-paid). ● Provisional or partly-paid allotment letters. [illegible] warrants. †† Dealings under special Rule. ✠ Unlisted Securities [illegible] ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued [illegible] comprising 33 Ordinary and £5 Loan 1986-88.

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List.

| Stock | No. of price changes | Wednesday's closing price pence | Day's change | Stock | No. of price changes | Wednesday's closing price pence |
|---|---|---|---|---|---|---|
| Exco | 23 | 175 | — | Unilever | 12 | 621 |
| Mercantile Hse. | 16 | 445 | −5 | Thorn EMI | 11 | 427 |
| GEC | 15 | 728 | −12 | Ultramar | 11 | 486 |
| BAT Industries | 13 | 345 | −5 | BP | 10 | 304 |
| P & O Deferred | 13 | 122 | −3 | Dunlop | 10 | 65 |
| ICI | 12 | 274 | −6 | GUS "A" | 10 | 420 |
| Racal Elec. | 12 | 395 | −6 | Marks & Spen. | 10 | 102 |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence |
|---|---|---|---|---|
| Barclays Bank | 436 | +3 | NatWest Bank | 398 |
| Boots | 200 | −3 | RTZ | 460 |
| British Aerospace | 192 | +9 | Royal Bank Scotland | 177 |
| Exco | 178 | +1 | Royal Dutch | £17⅞ |
| Lucas Industries | 209 | +11 | Shell Transport | 376 |
| Metal Box | 156 | +10 | Ward (T. W.) | 144 |

# WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 18, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 50.08 |
| Albania | Lek | 5.3298 |
| Algeria | Dinar | 4.1875 |
| Andorra | Fr. Franc | 5.6685 |
| | Sp. Peseta | 95.80 |
| Angola | Kwanza | 27.627 |
| Antigua | E. Caribbean $ | 2.7025 |
| Argentina | Peso (C) (4) | 6495.00 |
| | Peso (F) (5) | 9875.00 |
| Australia | Dollar | 0.8737 |
| Austria | Schilling | 15.76 |
| Azores | Port. Escudo | 63.40 |
| Bahamas | Dollar | 1.00 |
| Bahrain | Dinar | 0.3769 |
| Balearic Is. | Sp. Peseta | 95.80 |
| Bangladesh | Taka | 17.75 |
| Barbados | Dollar | 2.01 |
| Belgium | Franc (C) | 37.65 |
| | Franc (F) | 41.93 |
| Belize | Dollar | 2.00 |
| Benin | C.F.A. Franc | 283.425 |
| Bermuda | Dollar | 1.00 |
| Bhutan | Ind. Rupee | 9.091 |
| Bolivia | Peso | 24.75 |
| Botswana | Pula | 0.8931 |
| Brazil | Cruzeiro | 118.65 |
| Brunei | Dollar | 2.069 |
| Bulgaria | Lev | 0.933 |
| Burma | Kyat | 6.4515 |
| Burundi | Franc | 90.00 |
| Cameroun Rp. | C.F.A. Franc | 283.425 |
| Canada | Dollar | 1.1851 |
| Canary Is. | Sp. Peseta | 95.80 |
| Cape Verde | Escudo | 36.51 |
| Cayman Is | Dollar | 0.835 |
| Cen. Af. Rep. | C.F.A. Franc | 283.425 |
| Chad | C.F.A. Franc | 283.425 |
| Chile | Peso (O) | 39.00 |
| China | Renminbi Yuan | 1.7387 |
| Colombia | Peso (O) | 57.68 |
| Comoros | C.F.A. Franc | 283.425 |
| CongoP'ple.Rep.of | C.F.A. Franc | 283.425 |
| Costa Rica | Colon (O) | 8.60 |
| | Colon | 20.03 |
| Cuba | Peso | 0.7313 |
| Cyprus | Pound* | 2.3276 |
| Czechoslovakia | Koruna (O) | 5.80 |
| Denmark | Krone | 7.2255 |
| Djibouti Rp. of | Franc | 178.50 |
| Dominica | E. Caribbean $ | 2.7025 |
| Domin. Rep. | Peso | 1.00 |
| Ecuador | Sucre | 28.435 |
| Egypt | Pound* (O) | 1.4493 |
| | Pound* (3) | 1.2225 |
| El Salvador | Colon | 2.50 |
| Eq'l Guinea | Ekuele | 191.60 |
| Ethiopia | Birr (O) | 2.0422 |
| Faeroe Is. | Dan. Krone | 7.2265 |
| Falkland Is. | Pound* | 1.895 |
| Fiji | Dollar | 0.8757 |
| Finland | Markka | 4.365 |
| France | Franc | 5.6685 |
| Fr. C'ty in Af. | C.F.A. Franc | 283.425 |
| Fr. Guiana | Franc | 5.6685 |
| Fr. Pac. Is. | C.F.P. Franc | 97.6253 |
| Gabon | C.F.A. Franc | 283.425 |
| Gambia | Dalasi | 2.1108 |
| Germany (E) | Ostmark (O) | 2.2465 |
| Germany (W) | Mark | 2.2465 |
| Ghana | Cedi | 2.75 |
| Gibraltar | Pound* | 1.895 |
| Greece | Drachma | 56.75 |
| Greenland | Dan. Krone | 7.2255 |
| Grenada | E. Caribbean $ | 2.7025 |
| Guadaloupe | Franc | 5.6685 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 37.852 |
| Guinea Rep. | Syli | 21.2361 |
| Guyana | Dollar | 3.0436 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| Hong Kong | Dollar | 5.695 |
| Hungary | Forint | 36.00 |
| Iceland | Krona | 7.173 |
| India | Rupee | 9.091 |
| Indonesia | Rupiah | 630.00 |
| Iran | Rial (O) | 80.95 |
| Iraq | Dinar | 0.2999 |
| Irish Rep | Punt* | 1.5845 |
| Israel | Shekel | 14.56 |
| Italy | Lira | 1199.50 |
| Ivory Coast | C.F.A. Franc | 283.425 |
| Jamaica | Dollar | 1.7834 |
| Japan | Yen | 222.85 |
| Jordan | Dinar | 0.3315 |
| Kampuchea | Riel | n.a. |
| Kenya | Shilling | 10.2727 |
| Kiribati | Aust. Dollar | 0.8737 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 688.00 |
| Kuwait | Dinar | 0.2822 |
| Lao P'ple D. Rep | Kip | 10.00 |
| Lebanon | Pound | 4.63 |
| Lesotho | Loti | 0.9676 |
| Liberia | Dollar | 1.00 |
| Libya | Dinar | 0.2961 |
| Liechtenst'n | Sw. Franc | 1.807 |
| Luxembourg | Lux Franc | 37.65 |
| Macao | Pataca | 5.9096 |
| Madagascar D. R. | Franc | 283.425 |
| Madeira | Port. Escudo | 63.40 |
| Malawi | Kwacha | 0.9073 |
| Malaysia | Ringgit | 2.26 |
| Maldive Is. | Rupee | 3.93 |
| Mali Rp | Franc | 566.85 |
| Malta | Pound* | 2.5643 |
| Martinique | Franc | 5.6685 |
| Mauritania | Ouguiya | 56.685 |
| Mauritius | Rupee | 10.7534 |
| Mexico | Peso | 25.66 |
| Miquelon | Fr. Franc | 5.6685 |
| Monaco | Fr. Franc | 5.6685 |
| Mongolia | Tugrik (O) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.7025 |
| Morocco | Dirham | 5.3037 |
| Mozambique | Metica | 30.1583 |
| Namibia | S.A. Rand | 0.9676 |
| Nauru Is. | Aust. Dollar | 0.8737 |
| Nepal | Rupee | 13.20 |
| Netherlands | Guilder | 2.459 |
| Neth. Ant'les | Guilder | 1.80 |
| New Zealand | Dollar | 1.2063 |
| Nicaragua | Cordoba | 10.00 |
| Niger Rp. | C.F.A. Franc | 283.425 |
| Nigeria | Naira (O) | 0.6369 |
| Norway | Krone | 5.833 |
| Oman, Sultanate of | Rial | 0.3456 |
| Pakistan | Rupee | 9.84 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 0.6766 |
| Paraguay | Guarani | 126.00 |
| Peru | Sol | 480.13 |
| Philippines | Peso | 8.097 |
| Pitcairn Is. | N.Z. Dollar | 1.2063 |
| Poland | Zloty (O) | 31.00 |
| Portugal | Escudo | 63.40 |
| Port Timor | Escudo | n.a. |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Riyal | 3.6397 |
| Reunion Ile de la | Fr. Franc | 5.6685 |
| Romania | Leu (O) | 4.47 |
| Rwanda | Franc | 92.84 |
| St. Christopher | E. Caribbean $ | 2.7025 |
| St. Helena | Pound* | 1.895 |
| St. Lucia | E. Caribbean $ | 2.7025 |
| St. Pierre | Fr Franc | 5.6685 |
| St. Vincent | E. Caribbean $ | 2.7025 |
| Samoa (Western) | Tala | 1.0816 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | It. Lira | 1199.50 |
| Sao Tome & Principe DR | Dobra | 38.9273 |
| Saudi Arabia | Riyal | 3.417 |
| Senegal | C.F.A. Franc | 283.425 |
| Seychelles | Rupee | 7.1572 |
| Sierra Leone | Leone | 1.1759 |
| Singapore | Dollar | 2.059 |
| Solomon Is. | Dollar | 0.8887 |
| Somali Rep. | Shilling (6) | 6.35 |
| | Shilling (7) | 12.46 |
| South Africa | Rand | 0.9676 |
| Spain | Peseta | 95.80 |
| Span. Ports in N. Africa | Sp. Peseta | 95.80 |
| Sri Lanka | Rupee | 20.90 |
| Sudan Rep. | Pound* (2) | 2.00 |
| Sudan Rep. | Pound* (1) | 1.25 |
| Surinam | Guilder | 1.785 |
| Swaziland | Lilangeni | 0.9676 |
| Sweden | Krone | 5.501 |
| Switzerland | Franc | 1.807 |
| Syria | Pound | 3.9262 |
| Taiwan | Dollar (O) | 37.91 |
| Tanzania | Shilling | 8.155 |
| Thailand | Baht | 23.00 |
| Togo Rep. | C.F.A. Franc | 283.425 |
| Tonga Is. | Pa'anga | 0.8737 |
| Trinidad & Tobago | Dollar | 2.4063 |
| Tunisia | Dinar | 0.5104 |
| Turkey | Lira | 127.36 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Aust. Dollar | 0.8737 |
| Uganda | Shilling | 78.00 |
| Utd. A'b. Emir. | Dirham | 3.673 |
| Utd. Kingdom | Pound Sterling* | 1.895 |
| Upper Volta | C.F.A. Franc | 283.425 |
| Uruguay | Peso | 11.352 |
| U.S.S.R. | Rouble | 0.7583 |
| Vanuatu | Vatu | 91.6121 |
| | Aust. Dollar | 0.8737 |
| Vatican | Lira | 1199.50 |
| Venezuela | Bolivar | 4.294 |
| Vietnam | Dong (O) | 2.18 |
| Virgin Is. Br. | U.S. $ | 1.00 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Yemen | Rial | 4.57 |
| Yemen PDR | Dinar | 0.3416 |
| Yugoslavia | Dinar | 38.214 |
| Zaire Rp. | Zaire | 5.462 |
| Zambia | Kwacha | 0.8811 |
| Zimbabwe | Dollar | 0.7194 |

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers. (8) Mauritius—devalued 20 per cent as of 28/9/81.

## NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

### NEW HIGHS (13)

BRITISH FUNDS (3)
Treas. 8½pc '80-82 Exch. 15pc 1997
Treas. 3pc 1982
LOANS (1)
FFI (UK Fn) 5½pcDb 1980-82
FOREIGN BONDS (1)
Ireland 7½pc 1981-83
AMERICANS (1)
Chesebrough
BUILDINGS (1)
Benford Machinery
CHEMICALS (1)
Stewart Plastics
ENGINEERING (1)
Ductile Steels
INDUSTRIALS (1)
Amber Ind.
PROPERTY (1)
CALA
SHOES (2)
Headlam Sims Footwear Invs.

### NEW LOWS (31)

AMERICANS (7)
Honeywell Tenneco 10pcLn. Stk.
IBM United Tech.
Ingersoll-Rand Woolworths
Louisiana Land
BANKS (1)
Cie. Bancaire
BUILDINGS (1)
Vectis Stone
CHEMICALS (1)
Leigh Interests
ELECTRICALS (2)
Forward Tech. Newmark (Louis)
ENGINEERING (4)
Clifford (Ch.) Firth (G. M.)
Elliott (B.) Porter Chadburn
INDUSTRIALS (5)
Benlox Hargreaves
BH Prop. Lep Group
CSR
SHIPPING (1)
Fisher (J.)
OIL AND GAS (3)
Hansa Pet. Shackleton Pet.
Pict Pet.
MINES (6)
Pacific Copper Rand London
Seltrust "A" MIM Hldgs.
Anglo-Dominion North West Mining

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 80 | — | 12 |
| Corpns. Dom. and Foreign Bonds | 40 | — | 33 |
| Industrials | 239 | 189 | 929 |
| Fin. and Props. | 80 | 100 | 329 |
| Oils | 27 | 27 | 49 |
| Plantations | 1 | 4 | 18 |
| Mines | 18 | 56 | 95 |
| Others | 31 | 78 | 43 |
| Totals | 516 | 453 | 1,508 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Nov 16 | Nov 27 | Feb 25 | Mar 8 |
| Nov 30 | Dec 11 | Mar 11 | Mar 22 |
| Dec 14 | Dec 29 | Mar 25 | Apr 5 |

*For rate indications see end of Share Information Service*

Money was given for the call in ICL, Trident TV, Royal Bank of Scotland, Exco, Keith Collins Petroleum, Premier Oil, Scottish and Newcastle, British Home Stores, Whittington, Welkom, Bestobell, Bernard Matthews, Tesco, FNFC, Tozer Kemsley and Millbourn, Rothmans International and Mersey Docks. A put was taken out in Mersey Docks, and doubles were arranged in Imps, Royal Bank of Scotland, Fisons and Royal Bank of Scotland.

# FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thurs., Nov. 19, 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed. Nov. 18 Index No. | Tues. Nov. 17 Index No. | Mon. Nov. 16 Index No. | Fri. Nov. 13 Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (209) | 333.10 | +1.2 | 10.41 | 4.74 | 11.88 | 329.11 | 332.87 | 331.52 | 338.87 |
| 2 | Building Materials (25) | 283.94 | +0.7 | 15.70 | 6.02 | 7.27 | 281.85 | 284.90 | 287.51 | 289.89 |
| 3 | Contracting, Construction (28) | 497.98 | +0.2 | 19.13 | 5.55 | 6.11 | 497.13 | 498.65 | 505.05 | 509.75 |
| 4 | Electricals (30) | 1140.02 | +1.6 | 8.00 | 2.52 | 15.60 | 1121.73 | 1136.05 | 1121.99 | 1159.75 |
| 5 | Engineering Contractors (9) | 480.62 | +0.8 | 13.50 | 5.77 | 8.94 | 476.66 | 475.31 | 477.63 | 488.19 |
| 6 | Mechanical Engineering (66) | 184.63 | +1.2 | 11.62 | 5.95 | 10.95 | 182.43 | 184.00 | 184.90 | 188.82 |
| 8 | Metals and Metal Forming (12) | 159.53 | +2.2 | 9.01 | 7.61 | 15.15 | 156.16 | 156.26 | 157.30 | 161.12 |
| 9 | Motors (21) | 88.61 | +1.5 | — | 7.65 | — | 87.35 | 88.06 | 87.38 | 88.92 |
| 10 | Other Industrial Materials (18) | 347.49 | +0.6 | 9.45 | 6.50 | 12.87 | 345.57 | 347.22 | 347.52 | 352.04 |
| 21 | CONSUMER GROUP (198) | 265.83 | +0.6 | 13.29 | 6.16 | 9.29 | 264.36 | 266.77 | 266.85 | 272.31 |
| 22 | Brewers and Distillers (20) | 270.14 | +2.2 | 16.64 | 7.18 | 7.24 | 264.29 | 267.55 | 267.48 | 273.73 |
| 25 | Food Manufacturing (21) | 265.22 | — | 15.21 | 6.39 | 7.96 | 265.14 | 267.34 | 269.84 | 272.30 |
| 26 | Food Retailing (15) | 540.33 | −0.2 | 9.53 | 3.55 | 12.73 | 541.45 | 543.30 | 546.86 | 556.51 |
| 27 | Health and Household Products (7) | 354.94 | +0.1 | 8.35 | 4.52 | 14.22 | 354.53 | 357.69 | 353.05 | 358.58 |
| 29 | Leisure (24) | 412.80 | +0.8 | 9.85 | 5.33 | 12.60 | 409.58 | 412.88 | 415.88 | 423.02 |
| 32 | Newspapers, Publishing (12) | 463.90 | — | 13.29 | 6.50 | 10.91 | 463.90 | 463.90 | 463.05 | 463.93 |
| 33 | Packaging and Paper (13) | 128.09 | +2.3 | 16.10 | 8.31 | 7.41 | 125.26 | 125.84 | 127.14 | 130.33 |
| 34 | Stores (46) | 237.03 | +0.1 | 12.13 | 5.66 | 11.05 | 236.70 | 239.27 | 237.24 | 244.39 |
| 35 | Textiles (23) | 146.29 | +1.2 | 9.06 | 6.29 | 15.09 | 144.55 | 146.50 | 145.80 | 148.76 |
| 36 | Tobaccos (3) | 244.00 | — | 23.30 | 10.67 | 4.94 | 244.06 | 246.07 | 248.54 | 250.65 |
| 39 | Other Consumer (14) | 251.42 | +0.2 | 6.43 | 6.91 | 29.81 | 250.91 | 251.99 | 256.38 | 259.61 |
| 41 | OTHER GROUPS (80) | 217.51 | +0.8 | 11.10 | 6.36 | 11.63 | 215.74 | 217.68 | 217.11 | 222.29 |
| 42 | Chemicals (16) | 285.36 | +1.2 | 5.59 | 6.29 | 30.05 | 282.05 | 286.56 | 283.25 | 293.66 |
| 44 | Office Equipment (4) | 102.20 | +2.2 | 17.89 | 8.62 | 6.68 | 99.98 | 99.80 | 99.84 | 102.04 |
| 45 | Shipping and Transport (13) | 492.13 | +0.4 | 21.78 | 7.51 | 5.47 | 490.18 | 493.20 | 495.63 | 503.26 |
| 46 | Miscellaneous (47) | 277.14 | +0.4 | 12.39 | 5.73 | 10.02 | 276.10 | 277.41 | 278.41 | 282.20 |
| 49 | INDUSTRIAL GROUP (487) | 282.06 | +0.8 | 11.92 | 5.66 | 10.42 | 279.72 | 282.26 | 282.03 | 288.10 |
| 51 | Oils (13) | 715.25 | +2.4 | 19.90 | 7.89 | 5.69 | 698.53 | 705.44 | 702.03 | 713.74 |
| 59 | 500 SHARE INDEX | 317.18 | +1.1 | 13.36 | 6.06 | 9.06 | 313.69 | 316.58 | 316.09 | 323.19 |
| 61 | FINANCIAL GROUP (119) | 253.59 | +0.6 | — | 5.98 | — | 252.12 | 252.95 | 250.72 | 256.19 |
| 62 | Banks (6) | 272.95 | +1.9 | 32.71 | 6.98 | 3.60 | 267.76 | 266.34 | 264.21 | 270.02 |
| 63 | Discount Houses (9) | 249.47 | +0.5 | — | 8.87 | — | 248.12 | 249.33 | 247.73 | 248.94 |
| 64 | Hire Purchase (3) | 214.79 | −1.8 | 14.48 | 8.61 | 9.56 | 218.63 | 220.38 | 222.41 | 223.28 |
| 65 | Insurance (Life) (9) | 256.22 | +0.1 | — | 6.24 | — | 256.07 | 253.85 | 252.20 | 256.84 |
| 66 | Insurance (Composite) (10) | 160.80 | −0.4 | — | 8.33 | — | 161.52 | 162.37 | 159.26 | 164.93 |
| 67 | Insurance Brokers (8) | 418.98 | −0.4 | 11.02 | 5.75 | 12.35 | 420.57 | 420.02 | 418.07 | 428.35 |
| 68 | Merchant Banks (12) | 152.20 | −0.4 | — | 5.32 | — | 152.88 | 152.76 | 153.28 | 156.62 |
| 69 | Property (50) | 454.82 | +0.9 | 4.54 | 3.16 | 29.68 | 450.76 | 456.51 | 483.63 | 461.49 |
| 70 | Miscellaneous (12) | 171.44 | +0.2 | 17.58 | 6.13 | 6.96 | 171.13 | 170.70 | 171.49 | 173.64 |
| 71 | Investment Trusts (110) | 281.86 | — | — | 5.71 | — | 281.92 | 282.68 | 280.11 | 288.86 |
| 81 | Mining Finance (4) | 233.45 | +1.4 | 14.76 | 6.07 | 8.15 | 230.18 | 230.13 | 231.24 | 239.22 |
| 91 | Overseas Traders (17) | 408.86 | +0.2 | 12.89 | 7.79 | 9.47 | 407.91 | 409.79 | 409.71 | 405.09 |
| 99 | ALL-SHARE INDEX (750) | 303.08 | +0.9 | — | 6.05 | — | 300.26 | 302.48 | 301.79 | 308.28 |

## FIXED INTEREST

| | PRICE INDICES | Thurs. Nov. 19 | Day's change % | Wed. Nov. 18 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 106.22 | +0.20 | 106.01 | — | 9.74 |
| 2 | 5-15 years | 103.83 | +1.05 | 102.75 | — | 11.14 |
| 3 | Over 15 years | 105.51 | +1.33 | 104.12 | — | 12.60 |
| 4 | Irredeemables | 113.72 | +1.34 | 112.21 | — | 13.50 |
| 5 | All Stocks | 104.90 | +0.87 | 103.99 | — | 11.10 |
| 6 | Debentures & Loans | 80.76 | +0.68 | 80.21 | — | 9.91 |
| 7 | Preference | 59.79 | — | 59.79 | — | 6.35 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thurs. Nov. 19 | Wed. Nov. 18 |
|---|---|---|---|---|
| | British Government | | | |
| 1 | Low Coupons | 5 years | 13.08 | 13.22 |
| 2 | | 15 years | 13.37 | 13.59 |
| 3 | | 25 years | 13.38 | 13.57 |
| 4 | Medium Coupons | 5 years | 15.28 | 15.42 |
| 5 | | 15 years | 15.17 | 15.39 |
| 6 | | 25 years | 14.66 | 14.87 |
| 7 | High Coupons | 5 years | 15.16 | 15.32 |
| 8 | | 15 years | 15.40 | 15.60 |
| 9 | | 25 years | 14.94 | 15.15 |
| 10 | Irredeemables† | | 12.90 | 13.07 |
| 11 | Debs & Loans | 5 years | 16.07 | 16.28 |
| 12 | | 15 years | 16.08 | 16.21 |
| 13 | | 25 years | 16.08 | 16.21 |
| 14 | Preference† | | 15.97 | 15.98 |

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, [illegible]

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCE PROPERTY BONDS

## NOTES

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1981 High | 1981 Low | Stock | Price £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 99¹⁄₁₆ | 95¹³⁄₁₆ | Treas. 8½pc '80-82‡‡ | 99⅛ | +¹⁄₁₆ | 8.58 | 14.17 |
| 97⁷⁄₁₆ | 91⅞ | Treasury 3pc '82‡‡ | 97⅞ | +⅛ | 3.08 | 14.02 |
| 107 | 99¼ | Treasury 14pc '82‡‡ | 99⅞ | ..... | 14.02 | 14.23 |
| 99¹¹⁄₁₆ | 98⅞ | Treas. Variable '82‡‡ | 99⅝xd | ..... | 13.89 | 15.00 |
| 96⅝ | 93¹⁵⁄₁₆ | Treasury 8¼pc '82 | 96½ | ..... | 8.55 | 14.20 |
| 96⅞ | 93¹¹⁄₁₆ | Exch. 9¼pc 1982 | 96 | ..... | 9.64 | 14.38 |
| 95¼ | 92⅜ | Exch. 8¾pc 1983 | 95⅛ | ..... | 9.20 | 13.46 |
| 92¼ | 84⅞ | Exch. 3pc 1983 | 89⅞ | ..... | 3.34 | 11.87 |
| 99⅝ | 95 | Treasury 12pc 1983‡‡ | 97⅛ | ..... | 12.36 | 14.42 |
| 99⅝ | 96¾ | Treas. Variable '83‡‡ | 99½xd | ..... | 13.41 | 14.71 |
| 93¼ | 90⅛ | Treasury 9¼pc '83 | 93⅛ | ..... | 9.93 | 13.98 |
| 101¹³⁄₁₆ | 95¼ | Exch. 13½pc '83 | 97⅞xd | ..... | 13.79 | 14.77 |
| 94⅛ | 89¼ | Exch. 10pc 1983 | 92⅛xd | ..... | 10.85 | 14.60 |
| 88⅝ | 63½ | Funding 5½pc '82-84‡‡ | 86 | +¼ | 6.40 | 13.13 |
| 96¾ | 90 | Exch. 11¼pc 1984 | 93 | +¼ | 12.10 | 14.94 |
| 103⅛ | 95¼ | Exchequer 14pc 1984 | 98¾xd | +½ | 14.18 | 14.64 |
| 82⅝ | 77 | Exch. 3pc 1984 | 79½xd | +¼ | 3.77 | 12.57 |
| 98⅝ | 90½ | Treasury 12pc 1984 | 93⅞ | +¼ | 12.78 | 14.67 |
| 107¼ | 95⅞ | Treasury 15pc 1985 | 99⅝ | +¼ | 15.09 | 15.17 |
| 98⅞ | 88¼ | Exch. 12pc Cnv. '85 | 91⅞ | +¼ | 13.06 | 15.17 |
| 76 | 71 | Treasury 3pc 1985 | 73xd | +⅛ | 4.11 | 12.82 |
| 96⅛ | 85¼ | Treasury 11½pc 1985 | 88⅞ | +¼ | 12.94 | 15.52 |
| 98⅞ | 87⅞ | Exch. 12¼pc 1985 | 91⅞xd | +¼ | 13.33 | 15.11 |
| 97⅛ | 84¾ | Exch. 11¾pc '86 | 88⅞ | +¼ | 13.22 | 15.35 |
| 70⅛ | 65¼ | Treasury 3pc 1986 | 68¾ | +¼ | 4.36 | 12.25 |
| 97⅝ | 84½ | Treasury 12pc '86 | 89½xd | +¼ | 13.41 | 15.30 |
| 88⅝ | 78½ | Treasury 8¼pc '84-86‡‡ | 81¾ | +¼ | 9.26 | 13.95 |
| — | — | Exchequer 14pc 1986 | £95¾ | ..... | 14.60 | 15.27 |

Five to Fifteen Years

Over Fifteen Years

Undated

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

| 1981 High | 1981 Low | Stock | Price £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | **Public Board and Ind.** | | | | |
| 64 | 57¼ | Agric. Mt. 5pc '59-89 | 61 | +¼ | 8.36 | 13.72 |
| 25½ | 23¼ | Met. Wtr. 3pc 'B' | 26¼ | +¼ | 11.50 | 13.84 |
| 114 | 97 | U.S.M.C. 9pc 1982 | 100 | ..... | 9.42 | — |
| 97¼ | 91 | Do. without Warnts. | 96½ | +1½ | 9.70 | — |
| | | **Financial** | | | | |
| 101½ | 94¼ | FFI 14pc '83 | 97¼ | ..... | 14.40 | 15.55 |
| 94 | 88½ | FFI(UK Fn)5⅞pcDb. '80-2 | 94 | +½ | 5.85 | 14.59 |
| 83½ | 77 | Do. 6¼pcDb. '81-84 | 80xd | ..... | 7.81 | 14.73 |
| 93 | 84½ | Do. 10½pc Uns.Ln. '86 | 88½ | +½ | 12.42 | 15.70 |
| 92 | 80 | Do. 11pc Uns.Ln. '88 | 84½ | ..... | 13.69 | 15.30 |
| 92 | 80 | Do. 11¾pc Uns.Ln. '90 | 85 | +1 | 14.61 | 16.20 |
| 94½ | 78½ | Do. 12⅞pc Uns. Ln. 1992 | 85 | +1 | 15.88 | 16.00 |
| 64½ | 54½ | Do. 7¼pcADeb. '89-92 | 56xd | ..... | 12.80 | 15.60 |
| 62 | 51½ | Do. 7¼pcADeb. '91-94 | 55½ | ..... | 13.35 | 15.58 |
| 72½ | 59½ | Do. 9pc 'A' '91-94 | 65½ | +½ | 13.74 | 15.56 |
| 70 | 56½ | Do. 8⅞pcLn. '92-97 | 61½ | +½ | 14.96 | 16.10 |
| | | **Building Societies** | | | | |
| 100⅛ | 98¼ | N'wide 14¾pcBd11.8.82 | 100 | ..... | 14.75 | — |
| 100 | 98 | Do. 14¾pc Bds 25.8.82 | 100 | ..... | 14.75 | — |
| 100 | 98¼ | Do. 15⅜pc Bds. 29.9.82 | 100 | ..... | 15.37 | — |

## FOREIGN BONDS & RAILS

| 1981 High | 1981 Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 95 | 58 | Antofagasta Rly. | 70 | ..... | — | — |
| 55 | 53½ | Do. 5pc Pref. | 54 | ..... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ..... | 3 | f3.1 |
| 28 | 14 | Chinese 4½pc 1898 | 18 | ..... | — | — |
| 22 | 11 | Do. 5pc 1912 | 13 | ..... | — | — |
| 18 | 8 | Do. 5pc 1913 | 14 | ..... | — | — |
| 16 | 9 | Do. 5pc '25 Boxer | 12 | ..... | — | — |
| 94 | 76½ | Denmark 13pc 2005 | 83¾ | +½ | 13 | 16.61 |
| 45 | 36 | Greek 7pc Ass. | 44 | ..... | 3½ | f8.33 |
| 42 | 33 | Do. 6pc 28 Stb. Ass. | 42 | ..... | 3 | f7.30 |

## AMERICANS

## CANADIANS

## CANADIANS—Continued

| 1981 High | 1981 Low | Stock | Price £ | + or − | Div. Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 120p | 45p | Place Gas $1 | 50p | +5 | — | — | — |
| 17½ | 10¼ | Rio Algom | 15⅞ | ..... | $1.50 | — | 4.2 |
| 13 | 10⅞ | Royal Bk. Can. $1 | 11½ | −¼ | $1.96 | — | 7.5 |
| 32⅛ | 23¼ | Seagram Co. C$1 | 28¾ | −¼ | US$1.80 | — | 3.5 |
| 14½ | 11¼ | Tor. Dom. Bk. $1 | 13⅞ | ..... | $1.80 | — | 5.8 |
| 11 | 750p | Trans Can. Pipe | 956p | −17 | $1.16 | — | 5.4 |

## BANKS AND HIRE PURCHASE

| 1981 High | 1981 Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 348 | 208 | ANZ $A1 | 335 | +2 | Q28c | φ | 6.2 | φ |
| 280 | 194 | Alexanders D. £1 | 226 | −1 | 17.0 | — | 10.7 | — |
| *£62½ | £48¼ | Algemene Fl.100 | £62½ | +1 | Q26% | 1.9 | 9.1 | 5.7 |
| 405 | 247 | Allen Harvey £1 | 270 | ..... | 23.0 | — | 12.2 | — |
| *116 | 98 | Allied Irish | 100 | ..... | Q43.9% | 5.5 | 10.0 | 2.6 |
| 21¼ | 13 | Ansbacher (H.) 5p | 15¾ | ..... | 0.15 | — | 1.4 | — |
| 355 | 234 | Arbuthnot L. £1 | 315 | ..... | 12.0 | — | 5.4 | — |
| 310 | 260 | Bk. Ireland £1 | 280xd | ..... | Q28.9% | — | 9.1 | — |
| *8 | 3 | Bk. Leumi $0.1 | 4½ | ..... | Q12% | — | 1.0 | — |
| 250 | 170 | Bk. Leumi (UK) £1 | 240 | ..... | 10.15 | — | 6.1 | — |
| 193 | 145 | Bk. N.S.W. $A1 | 175 | ..... | Q18c | 2.9 | 6.3 | 5.4 |
| 443 | 285 | Bank Scotland £1 | 426 | +6 | 17.5 | 5.7 | 5.9 | 3.1 |
| 472 | 370 | Barclays £1 | 436 | +3 | 18.5 | 5.5 | 6.1 | 3.5 |
| 243 | 182 | Brown Shipley £1 | 225 | −5 | 6.5 | — | 4.2 | — |
| 408 | 270 | Cater Ryder £1 | 315 | ..... | 23.1 | — | 10.6 | — |
| 95 | 64 | Charterhouse Gp. | 73 | −1 | 4.51 | 1.7 | 8.8 | (8.2) |
| 50 | 23 | Clive Dis'nt 20p | 23 | ..... | 1.5 | — | ♦ | — |
| 650 | 520 | Com'zbk DM 10 | 600 | ..... | — | — | — | — |
| 925 | 800 | C'hgn. Hbk. Kr100 | 825 | ..... | Q14% | — | 13.0 | — |
| £15½ | £12½ | Cred. France F100 | £12½ | ..... | Q17¼% | — | 13.3 | — |
| 19 | 10 | Dawes (G. R.) | 13 | ..... | — | — | — | — |
| *£68½ | £53¾ | Deutsche Bank DM50 | £63½ | ..... | Q31¼% | — | 6.0 | — |
| 550 | 405 | Dunbar Grp. £1 | 490 | ..... | 6.2 | 5.0 | 1.8 | 15.8 |
| 37¾ | 19½ | First Nat. 10p | 28 | −½ | — | — | — | 4.7 |
| 5 | 1½ | Do. Wrrts. 75-83 | 2¼ | ..... | — | — | — | — |
| 324 | 239 | Gerrard Natnl. | 270 | +2 | 14.0 | — | 7.4 | — |
| 290 | 200 | Gillett Bros. £1 | 224 | +2 | 17.71 | — | 11.3 | — |

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## BUILDING INDUSTRY—Contd.

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS—Continued

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Contd.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## INSURANCE—Continued

[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### Indian and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australian

[illegible]

### Tins

[illegible]

### Copper

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 410 | 165 | Messina R0.50 | 225 | | ‡045c | 4.7 | 9.0 |

### Miscellaneous

| 1981 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 25½ | 12 | Burma Mines 10p | 14 | | 0.75 | 0.4 | 7.7 |
| 320 | 85 | Colby Res. Corp. | 130 | −5 | — | — | — |
| 330 | 200 | Cons. Murch. 10c. | 240 | | ‡030c | 1.6 | 7.2 |
| 10 | 4 | ††Exploura Gold | 6½ | | — | — | — |
| 98 | 47 | ††Hemerdon 10c. | 58 | | — | — | — |
| 180 | 65 | Highwood Res. | 90 | | — | — | — |
| 505 | 260 | Northgate C$1 | 290 | +5 | — | — | — |
| 633 | 372 | R.T.Z. | 450xd | +10 | 15.0 | 2.5 | 5.0 |
| £130¼ | £93½ | Do. [illegible] | £104 | −1 | Q9½% | — | †9.5 |
| 103 | 13 | ††SPO Minerals 10p | 25 | | — | — | — |
| 47 | 20 | Sabina Inds. C$1 | 22 | −3 | — | — | — |
| 44 | 21 | ‡Southwest C. 10p. | 23 | | — | — | — |
| 650 | 465 | Tara Expln. $1 | 550 | −30 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◊ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. [illegible]

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

## OPTIONS

### 3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES

Friday November 20 1981



# Arbuthnot Latham forced to quit 'club'

By William Hall, Banking Correspondent

ARBUTHNOT LATHAM and Company, the small City merchant bank, has been forced to resign from the Accepting Houses Committee, following the bank's takeover by Dow Scandia Banking Corporation, a foreign-controlled bank.

Arbuthnot Latham is the second merchant bank forced to leave the Accepting House Committee over the last two years. In April, 1980, Antony Gibbs was asked to leave after being taken over by the Hongkong and Shanghai Banking Corporation.

The Accepting Houses Committee, is regarded as a club of the City's most prestigious merchant banks. The 16 banks range from Kleinwort Benson, with assets of close to £3bn, to Rea Brothers with assets of just over £100m. Traditionally, it has reserver membership to British-owned banks.

When Antony Gibbs was required to leave the Committee last year, it was known that not all the committee's members thought it wise to restrict membership solel yto UK-owned banks. Consequently, there had been some speculation that Arbuthnot would be allowe dto stay in the club.

Mr Harold Hitchcock, who recently retired as deputy chief executive of National Westminster Bank and is now chairman of Arbuthnot, said that, while he regretted the decision, it was "not unexpected."

He felt that the committee should change the British membership rule. Unless it was representative of the leading components of the London acceptance market, its influence was likely to decline.

Traditionally, members of the committee have had the privilege of having their bills eligible for discount (to be bought for cash) at the Bank of England. However, the Bank recently doubled the number of banks whose bills are eligible and this has undermined the importance of this privilege for committee members. Arbuthnot's bills will still be eligible even though it is no longer a member.

In a letter, Mr Ian Fraser, chairman of the Committee, Mr Christopher Prideaux, a director of Arbuthnot Latham said that "in the event of the guidelines for membership being changed, naturally I would hope that if appropriate we would be an early contender for readmission. I realise this is a hypothetical situation but it is difficult to look very far ahead in current conditions."

# Pointing the way to a cashless society

BY ALAN FRIEDMAN

BRITAIN took a step toward a cashless society last night when the chief executives of the Big Four clearing banks, plus Williams and Glyn's, joined forces to introduce point-of-sale (POS) terminals in UK retail outlets.

A POS system would allow customers of leading retail outlets, such as department stores and supermarkets, to insert a plastic card into a cashier's terminal and have the purchase price automatically deducted from the customer's bank account.

The decision, after five years of discussions, could involve capital costs of between £8m and £10m to develop a system of nearly 10,000 terminals. Costs would be shared between banks and retailers.

Mr Ian Morison, of the Committee of London Clearing Bankers, last night said the decision had been taken because technology had progressed enough for the introduction of a "distributed network system."

Instead of a central processing centre, each bank could develop its own system and its own plastic cards with varying bank services attached. This would be cheaper to the banks and would provide more scope for competition, said Mr Morison.

Although the most likely approach would be the development of plastic cards which could debit funds directly from current accounts, the banks also expect to involve credit card organisations such as Access and Barclaycard. In the case of either bank cards or credit cards, the system ing that the customer's computer code-number would check automatically to see if the customer had enough credit to make the purchase. The development could also result in saving for the banks in clearing costs.

A small team is to be set up by the clearing banks to proceed with plans for a POS system, but it is expected to be between three and five years before the terminals are put into wide commercial use.

WASHINGTON SETS OUT ITS TERMS ON ARMS CONTROL

# U.S. seeks support by Nato

THE U.S. today will seek formal endorsement for its new nuclear disarmament initiative from its European allies in the North Atlantic Treaty Organisation (Nato).

At an important meeting opening in Brussels this morning, the U.S. will also describe to its allies the detailed negotiating position behind President Reagan's announcement on Wednesday that Washington would be prepared to scrap plans to deploy a new generation of missiles in Europe if the Soviet Union dismantled the wetapons which they are intended to counter.

The U.S. initiative has already been welcomed by several Nato governments, including Britain and West Germany, as well as France. These Governments have tended to discount Soviet rejection of the Reagan proposals as a simple opening gambit in advance of the arms control talks which are due to start in Geneva on November 30.

However, the widespread relief with which President Reagan's initiative has been greeted within Nato has not obscured the realisation that the Geneva negotiations will be as complex as any yet held.

Mr Lawrence Eagleburger, U.S. Assistant Secretary of State, will seek this morning to reassure Nato's Special Consultative Group—a body of senior officials from the 13 member governments—that the U.S. decision is a serious attempt to make a new start in arms control negotiations.

U.S. officials insist that Washington will not present the so called zero option to the Soviets in Geneva on a take-it-or-leave it basis. They say that, within the broad principles of U.S. arms control policy which will govern the negotiations — the need for equal and verifiable reductions to the lowest possible levels — there can be considerable flexibility.

The U.S. and Soviet positions are far apart. The U.S. maintains for example, that the Soviet Union has a six-to-one advantage in nuclear weapons in Europe against the Soviet insistence that a balance already exists.

Mr Eagleburger will seek Nato endorsement of a negotiating stance to limit the talks to ground-based intermediate-range missiles — the Soviet SS 20s, SS 4s and SS 5s and the planned U.S. Cruise and Pershing missiles. The U.S. will reject Soviet suggestions that air or sea-launched weapons, including those in the British and French nuclear forces, should be included.

Mr Eagleburger is also expected to seek Nato's recommitment to deploy the Cruise and Pershing missiles while negotiations take place.

Some officials at today's meeting may not have a mandate to endorse the U.S. position immediately. But no government is likely to rock the Nato boat at this stage. The U.S. negotiating team, led by Mr Paul Nitze a veteran negotiator is thus likely to open the Geneva talks, which may well go on for two weeks initially, with unanimous Nato support.

East-West divide, Page 2
Welcome from Thatcher and Foot, Page 8

# 'Last major cut' as ICL plans to axe 1,500 and close factory

BY GUY DE JONQUIERES

ICL, Britain's leading computer manufacturer, confirmed yesterday that it was seeking to reduce by 1,500 its UK staff of almost 18,000 and would close one of its factories.

It was also reviewing its overseas activities and expected to make "appropriate reductions" in its marketing operations to reflect the level of business in each country.

Mr Christopher Laidlaw, chairman of ICL, said that the proposals would result in a significant improvement in profitability. He hoped that this would be the last major reduction on a company-wide basis.

Mr Robb Wilmot, ICL managing director, announced the proposals with "very deep regret." But overheads were still too high, the mix of skills in the company must be changed and technological resources reallocated, he said.

The planned factory closure is at Plymouth Grove, Manchester, where ICL employs 330 people. The plant, which makes printed circuit boards for use in computers, was opened juste over two years ago and is one of the Europe. most modern of its kind in

Union officials did not appear to expect much resistance to the proposed closure. But they accused ICL of making serious errors in market forecasting, warned that there was a crisis of staff morale and said that the management had almost no credibility nationally.

Mr Gerald Kaufman, Labour MP for Manchester Ardwick, said he would seek a meeting with Mrs Thatcher and Mr Laidlaw to see if anything could be done to ease the "intolerable blow" of the closure.

ICL hoped that some of the staff reductions could be achieved through natural wastage but warned that redundancies were inevitable. It estimated that the cuts would require a further extraordinary £20m provision in its accounts for the year ended September 30 1981.

Half the job cuts being sought are in manufacturing and supply, a further 430 in marketing and 200 in development divisions. The rest are in applications systems and services and in corporate divisions.

The latest reductions, if implemented, would bring to more than 9,000 the number of jobs shed by ICL in just over a year. The company, which employs 23,000 people worldwide, also shut a plant at Winsford, Cheshire, last year.

At present more than half the worldwide staff are employed in marketing and just over 5,000 in manufacturing activities. Almost half ICL's turnover comes from abroad, and it has a plant in Utica, New York, in addition to its British factories.

ICL lost £50.6m in the six months to March 31. Since Mr Laidlaw and Mr Wilmot were appointed last May, the company has undergone considerable internal reorganisation and has negotiated collaborative ventures with companies in the U.S., Canada and Japan.

# BL to shed bus and truck jobs in new cuts

By Kenneth Gooding, Motor Industry Correspondent

BL will announce more job cuts in its truck and bus division today. Union leaders fear up to 3,000 jobs could be axed and two plants may close.

The company has called the unions to an early morning meeting and is making simultaneous announcements at the factories.

The main centres are at Leyland in Lancashire, Bathgate and Albion in central Scotland, and the Guy plant at Wolverhampton and the Scammell site at Watford.

Mr George Younger, Scottish Secretary, told the Commons yesterday that BL would give employees details of the reorganisation plans, which would include "a further reduction in the workforce," currently about 18,000.

## Assurance

He would not give details of the job cuts but offered an assurance that neither of the two main plants in Scotland would be closed.

However, the unions expect that Leyland will announce the closure of both the Guy and Scammell plants, as well as an end to the production of agricultural tractors.

Mr Younger said: "I deeply regret any reduction in jobs but it is well known that the truck business has been going through extremely difficult times."

BL intended to bring capacity in the truck business into line with prospective demand, he said.

Study paper misleading, Page 6
Two Scots plants to escape cuts, Page 8
Strike review, Page 8

# Trouble ahead for British Steel over refusal to fund pay deal

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BRITISH Steel Corporation appeared to be heading for fresh industrial trouble last night over its refusal to fund a national pay deal for next year, and its plan to shed another 19,000 jobs by the end of March.

The threat was coming from rank and file leaders of the industry's main union, The Iron and Steel Trades Confederation, despite a disclosure that the corporation has reduced its losses dramatically in recent months.

They are now running at £1.6m a week compared with more than £4m a week recently.

Yesterday BSC took the unprecedented step of asking the union to allow senior managers to attend a meeting of its 21-man national executive committee to try to secure the ISTC's agreement to local negotiations on pay and manning.

However, a delegation of group personnel managers, led by Mr Peter Broxham, industrial relation director, received reception.

The executive is to reconvene this morning to consider what action, if any, should be taken.

BSC's efforts to win over the union, which led a 13 week national steel strike nearly two years ago, have been soured by the corporation's decision not to introduce a one-hour cut in the working week from next year, as had been implicity promised at the end of the strike.

The ISTC executive was also angered last night by a suggestion from the management team that pay rises in return for job losses would not necessarily continue after next year.

High levels of overtime working and the greatly improved financial position of the corporation led some union leaders to argue that the pay and jobs strategy was unjustified.

BSC has shed 70,000 jobs in under two years. The latest plan is to bring the total workforce down to 90,000. Of the 19,000 jobs to go, only 10,000 have been identified.

Instructions have been sent to all ISTC local officials not to take part in local negotiations —although the craft unions have consented—and in some plants such as the recently slimmed-down South Wales mills, militant feeling is said to be running high.

Union merger likely, Page 8

# Weather

UK TODAY

CLOUDY with outbreaks of rain.

**London, SE, E, NE, NW England, Midlands, N Wales**
Early drizzle clearing to give dry, bright weather. Max 12C (54F).

**SW England, S Wales**
Cloudy with outbreaks of rain and fog patches on coasts and hills. Max 13C (55F).

**S Scotland**
Bright and showery, becoming cooler later. Max 10C (50F).

**SW Scotland, N Ireland**
Rain, clearing to give bright, showery weather, wintry at times. Max 10C (50F).

**Rest of Scotland**
Rain, heavy in places, becoming brighter. Max 7C (45F).

**Outlook**
Changeable. Temperatures near or above normal.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 15 | 59 | L. Plms. | S | 24 | 75 |
| Algiers | S | 24 | 75 | Lisbon | S | 16 | 61 |
| Amsdm. | F | 9 | 48 | Locarno | C | 8 | 46 |
| Athens | S | 14 | 57 | London | S | 11 | 52 |
| Bahrain | S | 29 | 84 | L. Ang † | F | 14 | 57 |
| Barclna. | S | 17 | 63 | Luxmbg. | R | 11 | 52 |
| Beirut | C | 15 | 59 | Luxor | S | 25 | 77 |
| Belfast | F | 5 | 41 | Madrid | S | 15 | 59 |
| Belgrd. | S | 11 | 52 | Majorca | F | 19 | 66 |
| Berlin | F | 9 | 48 | Malaga | F | 20 | 68 |
| Biarritz | S | 20 | 68 | Malta | S | 18 | 64 |
| Bmghm. | F | 8 | 46 | Mchstr. | F | 8 | 46 |
| Blackp'l | F | 9 | 48 | Miami† | F | 13 | 55 |
| Bordx. | F | 14 | 57 | Milan | C | 9 | 48 |
| Boulgn. | F | 10 | 50 | Moscow | C | −2 | 28 |
| Bristol | S | 9 | 48 | Munich | R | 11 | 52 |
| Brussels | S | 9 | 48 | Nairobi | C | 25 | 77 |
| Budpst. | R | 3 | 37 | Naples | S | 13 | 55 |
| Cairo | C | 19 | 66 | Nwcstl | F | 7 | 45 |
| Cardiff | F | 11 | 52 | N Yrk† | C | 9 | 48 |
| Casbca. | S | 29 | 84 | Nice | S | 16 | 61 |
| Cape T. | S | 21 | 70 | Oporto | S | 21 | 70 |
| Chicg.† | C | 9 | 48 | Oslo | F | 0 | 32 |
| Cologne | C | 8 | 46 | Paris | C | 15 | 59 |
| Cpnhgn. | S | 8 | 46 | Perth | S | 23 | 73 |
| Corfu | S | 16 | 61 | Prague | R | 10 | 50 |
| Denver† | F | 1 | 34 | Rykjvk. | C | −9 | 16 |
| Dublin | R | 8 | 46 | Rhodes | S | 14 | 57 |
| Dbrvnk. | S | 14 | 57 | Rome | S | 13 | 55 |
| Ednbgh. | F | 11 | 52 | Salzb'rg | R | 8 | 46 |
| Faro | S | 18 | 64 | S'ciscof | F | 7 | 45 |
| Florence | C | 8 | 46 | Stckhm. | F | 4 | 39 |
| Frankf't | C | 13 | 55 | Strasb'g | C | 13 | 55 |
| Funchal | S | 21 | 70 | Sydney | F | 21 | 70 |
| Geneva | C | 17 | 51 | Tangier | C | 21 | 70 |
| Gibrltr | C | 18 | 64 | Tel Aviv | R | 16 | 61 |
| Glasg'w | F | 7 | 45 | Tenerife | S | 24 | 75 |
| G'rnsey | R | 11 | 52 | [illegible] | | | |
| Helsinki | Sn | 1 | 34 | Tunis | S | 13 | 64 |
| Innsbr'k | C | 3 | 37 | Valencia | C | 18 | 64 |
| Invrnss. | S | 5 | 41 | Venice | S | 7 | 45 |
| I.o.Man | F | 9 | 48 | Vienna | C | 3 | 37 |
| Istanbul | F | 9 | 48 | Warsaw | R | 4 | 39 |
| Jersey | R | 13 | 55 | Zurich | C | 10 | 50 |
| Jo'burg | C | 21 | 70 | | | | |

C—Cloudy. F—Fair. R—Rain. S—Sunny
Sn—Snow. † Noon GMT temperatures.

THE LEX COLUMN

# Shell's recovery downstream

Better times in the world markets for oil products have come through with a bang to the Royal Dutch/Shell group's third quarter figures. Underlying net income, adjusted for inventory gains and stripping out the FAS 8 currency item, rose to £481m from £256m in the second quarter and £329m in the third quarter of 1980. The nine month net income figure is only 20 per cent below last year's comparison, after having lagged by 45 per cent at the six month stage.

Some of the improvement over the second quarter reflects higher earnings from North America, boosted by currency translation, but far the most important factor is a turnround, net of stock items, from an £86m loss into a £114m profit in manufacturing, marine and marketing elsewhere. Losses in downstream Western Europe and Japan have come right down—very roughly from perhaps $3 to $1 per barrel—thanks in part to the easing of the dollar in September which reduced the local currency cost of oil. In addition product prices were relatively firm, as demand stabilised, and the cost advantage of the Aramco partners was already being whittled away before the October OPEC meeting abolished it entirely.

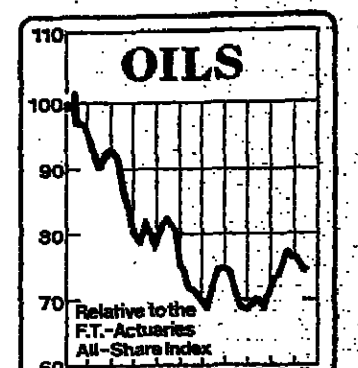
To show a downstream profit of £114m at a time when Europe and Japan are still in loss (albeit much reduced) shows the immense strength of Shell's businesses in South America, Africa and the Pacific basin. The better overall trend should continue into the final quarter, where winter gas volumes should take net earnings over £500m, to give around £1.5bn for the year. On a multiple of less than seven times clean earnings and a yield of 7¼ per cent the shares, up 16p to 37⅜p yesterday, look very sound.

## Marathon

The dinosaur has stirred in recent years, but U.S. Steel is still saddled with the legacy of decades of slow-footed management. With some $6bn of assets in the steel industry, large parts of which are outdated, there is no sense in which it seems to have the surplus management and finance which could alone make sense of a bid for Marathon Oil at a large premium over the market price.

Admittedly the steel giant has been building up its liquid resources by selling off low yielding assets. But it is now

Index rose 8.2 to 511.7




proposing to pay out cash for Marathon on a scale which is equivalent to about 50 per cent more than its total capital spending over the last three years. And although the price is at a big discount to theoretical asset values, it looks enormous when compared with Marathon's current earning power.

There are tactical as well as strategic objections to this bid. By offering U.S. Steel an option to buy a large chunk of its assets should a third party win control, Marathon is doing its best to bar its own shareholders from the chance of a better offer. Such a ploy would never be allowed in London, for all that it is supposed to be a relatively free and easy market place.

## Money markets

The new short tap attracted quite heavy subscriptions yesterday, which gave a fillip to gilt-edged but compounded the recent problems in the overnightmo ney market, where the Bank of England's estimate of the day's shortage had to be revised upwards to £650m. The Bank's unwillingness — even under its new code of practice— to deal direct with the clearing banks or even with the discount market late in the day (when, contrary to popular belief, some bill brokers are still working), is causing some strain.

Thus overnight money has often closed at extravagant levels recently, and on at least one occasion the clearers, stuck with an intractable shortage of credit, have overdrawn at the Bank of England—very much against the rules.

Another problem is that the discount houses are not taking much notice of the Bank's attempts to stop rates falling, and are unwilling to part with bills—which they can without trouble with the banks (short of themselves) are ... leave with th em. ... was forced to lower ... rates yesterday to make disgorge paper; many are now bullish enough ... 15 per cent for 5-day ... rather than sell a 6-we... at 14¼ per cent.

## Boots

The contribution from industrial division is ... fast on that of the retail ... within a trading period that shows little ... change. Reported pre-tax ... in the first half have ... 14 per cent to £54.1m ... adjusting for exchange ... current assets held abroad ... pluses on property dispos... an increase in pension co... tions, the improvement ... to about 1 per cent.

In Boots the Chemists, ... in existing stores is unch... but gross margins have ... squeezed while wages hav... moving ahead quite ... With volume growth ta... at Timothy Whites, ... profits have fallen by ... cent.

In contrast the profits ... industrial division have r... 24½ per cent, and while ex... gains have played a part ... has also been a 19½ pe... increase in pharmaceutica... volume. The shares slip... yesterday to 200p, whe... yield is 5¾ per cent.

## Akroyd & Smithers

After the pecuniary d... of a year ago, Akroyd ... Smithers' staff and di... have been enjoying ... pickings. Gold stocks hav... sluggish, as have gilt ... where the position has ... improved by a less ... Government broker. On ... that the shake-out in the ... market has taken a hea... to produce a £0.9m pre-t... in the second half, before ... tionals. Profits for the fu... to September 25 are down ... £20.5m to £6.9m.

It seems that in spite ... the efforts to get squar... firm's equity book grew ... as September progressed. ... Ironically this turned ou... as well, since it was a... capitalise on the speed ... subsequent pick-up, which ... into its current financial ... This must explain the im... in the under-lying divide... spite of the £1.9m curren... deficit. The shares put ... yesterday to 153p, where ... yield 13¼ per cent.



Continued from Page 1

# Banking figures

away funds from building societies to increase lending for house mortgages. As a result PSL2, the widest measure, which includes building society deposits, has grown at an annual rate of only 15 per cent since February.

Both figures have been inflated by the civil servants' strike, but the Bank of England is not yet able to say by how much.

In October the amount of notes and coin in circulation fell by £76m, while in the last 12 months the amount of currency increased by only 5 per cent. Against this the total money stock measured by M3, including UK residents' deposits in other currencies, increased more than four times as fast in the 12 months at 23 per cent.

The figures, released by the Bank, show that in the month to mid-October domestic credit expanded by £1.58bn, seasonally adjusted, of which £778m represented an increase in bank lending to the private sector.

There was a substantial switch into foreign currencies by UK residents in a month in which sterling came under sporadic pressure. This added £960m to the foreign currency holdings of residents.

The overseas sector also switched out of sterling, borrowing £460m and reducing its sterling deposits by £450m, in the month. This was offset by official purchases of sterling of £468m, reflecting the Bank's intervention

Continued from Page 1

# U.S. steel bid

to heavy job losses in their town.

Mr David Roderick, chairman of U.S. Steel, said the takeover did not diminish his company's commitment to steel, which accounts for 62 per cent of its $12.5bn annual sales.

"Our investment in those operations will continue as planned," he said. The acquisition of Marathon would "achieve the major diversification that U.S. Steel has been seeking."

Marathon shares reopened after a suspension on the New York Stock Exchange at Wednesday's close. U.S. Steel shares opened yesterday at $28¼, down $1⅞ after the announcement of the friendly bid.

Sedco, the Texas oil drilling company which has been accumulating Marathon shares this year, and which holds the largest single block of 7.7 per cent, appears likely to tender its stake to U.S. Steel.

Mr Gill Clements, Sedco's president, said his company held about 4.5m Marathon shares for which it had paid an average of $60 a share.

"I suppose in the back of our minds we always had a fantasy that we could do a deal with Marathon ourselves," he said. "But that's beside the point. I think U.S. Steel has offered a reasonable price, and I think they will be successful."

But the second largest single Marathon shareholders, the Bass family of Texas, with 5.1 per cent, would not comment

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